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UNITED STATES DISTRICT COURT **SOUTHERN DISTRICT OF NEW YORK** NICOLE ARCHIBALD and ELLEN OGAIAN on behalf of themselves and all others similarly situated, Plaintiffs. -against- MARSHALLS OF MA, INC., a Delaware corporation; MARMAXX OPERATING CORPORATION, d/b/a MARMAXX GROUP, a Delaware Corporation; THE TJX COMPANIES INC. a Delaware corporation, and DOES 1 through 100, inclusive. Defendants.	Case No: 09-CIV-2323 LAP ECF Case **DECLARATION OF CHARLES GERSHBAUM IN SUPPORT OF PLAINTIFFS' OPPOSITION TO DEFENDANTS' MOTION TO DISMISS**

DECLARATION OF CHARLES GERSHBAUM

I, CHARLES GERSHBAUM, declare as follows:

1. I am a founding partner of Hepworth, Gershbaum & Roth, PLLC., co-counsel for the Plaintiffs in the above entitled Action. I make this Declaration in support of *Plaintiffs' Opposition To Defendants' Motion To Dismiss or Strike*. I have personal knowledge of the matters stated herein and if so called upon as a witness, could and would testify competently thereto.

2. Attached hereto as **Exhibit "A"** is a true and correct copy of the cover of the version of the Federal Labor Standards Act that the Labor Commissioner filed with the New York Department of State on December 16, 1986.

3. Attached hereto as **"Exhibit B"** is a true and correct copy of *TJXCompanies 10-k for Fiscal Year ending January 27, 2007*. This document was obtained from the Edgar website at www.sec.gov/archives/edgar.

4. I declare under the penalty of perjury under the laws of the State of New York and the United States of America that the foregoing is true and correct. Executed on January 9, 2009 in New York, New York.

By: ______________________________
Charles Gershbaum, Esq.

EXHIBIT A

M-84-52

02973

The Fair Labor Standards Act of 1938, as Amended

DEPARTMENT OF LABOR

U.S. Department of Labor
Employment Standards Administration
Wage and Hour Division

WH Publication 1318
Revised May 1984

EXHIBIT B

10-K 1 b64407tje10vk.htm THE TJX COMPANIES, INC.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

/X/ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended
January 27, 2007

or

/ / Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 1-4908

THE TJX COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	04-2207613 (IRS Employer Identification No.)
770 Cochituate Road Framingham, Massachusetts (Address of principal executive offices)	01701 (Zip Code)

Registrant's telephone number, including area code (508) 390-1000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.00 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES [X] NO [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act. YES [ ] NO [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.[ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer [X] Accelerated Filer [ ] Non-Accelerated Filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES [ ] NO [X]

The aggregate market value of the voting common stock held by non-affiliates of the registrant on July 29, 2006 was $10,966,329,516, based on the closing sale price as reported on the New York Stock Exchange.

There were 453,649,813 shares of the registrant's common stock, $1.00 par value, outstanding as of January 27, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Stockholders to be held on June 5, 2007 (Part III).

PART I

ITEM 1. Business

BUSINESS OVERVIEW

We are the leading off-price retailer of apparel and home fashions in the United States and worldwide. Our T.J. Maxx, Marshalls and A.J. Wright chains in the United States, our Winners chain in Canada, and our T.K. Maxx chain in Europe sell off-price family apparel and home fashions. Our HomeGoods chain in the United States and our HomeSense chain, operated by Winners in Canada, sell off-price home fashions. The target customer for all of our off-price chains, except A.J. Wright, is the middle-to upper-middle income shopper, with the same profile as a department or specialty store customer. A.J. Wright targets the moderate-income customer. Our seven off-price chains are synergistic in their philosophies and operating platforms. Our eighth chain, Bob's Stores, was acquired in December 2003 and is a value-oriented, branded apparel chain based in the Northeastern United States that offers casual, family apparel. Bob's Stores' target customer demographic spans the moderate- to upper-middle income bracket.

Our off-price mission is to deliver an exciting, fresh and rapidly changing assortment of brand-name merchandise at excellent values to our customers. We define value as the combination of quality, brand, fashion and price. With over 450 buyers and over 10,000 vendors worldwide and over 2,400 stores, we believe we are well positioned to continue accomplishing this goal. Our key strengths include:

— expertise in off-price buying

— substantial buying power

— synergistic businesses with flexible business models

— solid relationships with many manufacturers and other merchandise suppliers

— deep organization with decades of experience in off-price retailing as well as other forms of retailing

— inventory management systems and distribution networks specific to our off-price business model

— financial strength and excellent credit rating

As an off-price retailer, we offer quality, name brand and designer family apparel and home fashions every day at substantial savings to comparable department and specialty store regular prices. We can offer these everyday savings as a result of our opportunistic buying strategies, disciplined inventory management, including rapid inventory turns, and low expense structure.

In our off-price chains, we purchase the majority of our inventory opportunistically. In contrast to traditional retailers that order goods far in advance of the time they appear on the selling floor, TJX buyers are in the marketplace virtually every week, buying primarily for the current selling season. By maintaining a liquid inventory position, our buyers can buy close to need, enabling them to buy into current market trends and take advantage of the opportunities in the marketplace. Due to the unpredictable nature of consumer demand in the highly fragmented apparel and home fashions marketplace and the mismatch of supply and demand, we are regularly able to buy the vast majority of our inventory directly from manufacturers, with some merchandise coming from other retailers and other sources. We purchase virtually all of our inventory for our off-price stores at discounts from initial wholesale prices. Although we generally purchase merchandise for our off-price chains to sell in the current season, we purchase a limited quantity of pack away merchandise that we buy specifically to warehouse and sell in a future selling season. We are willing to purchase less than a full assortment of styles and sizes. We pay promptly and do not ask for typical retail concessions in our off-price chains such as advertising, promotional and markdown allowances, or delivery concessions such as drop shipments to stores or delayed deliveries or return privileges. Our financial strength, strong reputation and ability to purchase large quantities of

merchandise and sell it through our geographically diverse network of stores provide us excellent access to leading branded merchandise. Our opportunistic buying permits us to consistently offer our customers in our off-price chains a rapidly changing merchandise assortment at everyday values that are below department and specialty store regular prices.

We are extremely disciplined in our inventory management, and we rapidly turn the inventory in our off-price chains. We rely heavily on sophisticated, internally developed inventory systems and controls that permit a virtually continuous flow of merchandise into our stores and an expansive distribution infrastructure that supports our close-to-need buying by delivering goods to our stores quickly and efficiently. For example, highly automated storage and distribution systems track, allocate and deliver an average of approximately 11,000 items per week to each T.J. Maxx and Marshalls store. In addition, specialized computer inventory planning, purchasing and monitoring systems,

coupled with warehouse storage, processing, handling and shipping systems, permit a continuous evaluation and rapid replenishment of store inventory. Pricing, markdown decisions and store inventory replenishment requirements are determined centrally, using information provided by point-of-sale computer terminals and are designed to move inventory through our stores in a timely and disciplined manner. These inventory management and distribution systems allow us to achieve rapid in-store inventory turnover on a vast array of product and sell substantially all merchandise within targeted selling periods.

We operate with a low cost structure relative to many other retailers. Our stores are generally located in community shopping centers. While we seek to provide a pleasant, easy shopping environment with emphasis on customer convenience, we do not spend heavily on store fixtures. Our selling floor space is flexible, without walls between departments and largely free of permanent fixtures, so we can easily expand and contract departments in response to customer demand and available merchandise. Also, our large retail presence, strong financial position and expertise in the real estate market allow us generally to obtain favorable lease terms. In our off-price chains, our advertising budget as a percentage of sales remains low compared to traditional department and specialty stores, although we increased our advertising and other marketing spending in fiscal 2007 as compared to prior years. Our high sales-per-square-foot productivity and rapid inventory turnover also provide expense efficiencies.

With all of our off-price chains operating with the same off-price strategies and systems, we are able to capitalize upon expertise, best practices and new ideas across our chains, develop associates by transferring them from one chain to another, and grow our various businesses more efficiently and effectively.

During the fiscal year ended January 27, 2007, we derived 78% of our sales from the United States (28% from the Northeast, 14% from the Midwest, 23% from the South, and 13% from the West), 21% from foreign countries (10% from Canada, 11% from Europe (the United Kingdom and Ireland)), and 1% from Puerto Rico. By merchandise category, we derived approximately 63% of our sales from apparel (including footwear), 25% from home fashions and 12% from jewelry and accessories.

We consider each of our operating divisions to be a segment. The T.J. Maxx and Marshalls store chains are managed as one division, referred to as Marmaxx, and are reported as a single segment. The Winners and HomeSense chains, which operate exclusively in Canada, are also managed as one division and are reported as a single segment. Each of our other store chains, T.K. Maxx, HomeGoods, A.J. Wright, and Bob's Stores is operated as a division and reported as a separate segment. More detailed information about our segments, including financial information for each of the last three fiscal years, can be found in Note O to the consolidated financial statements.

Unless otherwise indicated, all store information is as of January 27, 2007, and references to store square footage are to gross square feet. Fiscal 2005 means the fiscal year ended January 29, 2005, fiscal 2006 means the fiscal year ended January 28, 2006, fiscal 2007 means the fiscal year ended January 27, 2007 and fiscal 2008 means the fiscal year ending January 26, 2008.

SEGMENT OVERVIEW

Marmaxx (T.J. Maxx and Marshalls)

Marmaxx operates both the T.J. Maxx and Marshalls store chains. T.J. Maxx is the largest off-price retail chain in the United States, with 821 stores in 48 states at fiscal 2007 year end. Marshalls is the second-largest off-price retailer in the United States, with 734 stores in 42 states, as well as 14 stores in Puerto Rico, at that date. We maintain the separate identities of the T.J. Maxx and Marshalls stores through product assortment and merchandising, marketing and store appearance. This encourages our customers to shop at both chains.

T.J. Maxx and Marshalls primarily target female shoppers who have families with middle to upper-middle incomes and who generally fit the profile of a department or specialty store customer. These chains operate with a common buying and merchandising organization and have a consolidated administrative function, including finance and human resources. The combined organization, known internally as The Marmaxx Group, offers us increased leverage to purchase merchandise at favorable prices and allows us to operate with a lower cost

structure. These advantages are key to our ability to sell quality, brand name merchandise at substantial discounts from department and specialty store regular prices.

T.J. Maxx and Marshalls sell quality, brand name and designer merchandise at prices generally 20%-60% below department and specialty store regular prices. Both chains offer family apparel, accessories, giftware, and home

fashions. Within these broad categories, T.J. Maxx offers a shoe assortment for women and fine jewelry, while Marshalls offers a full-line footwear department and a larger men's department. In fiscal 2007, T.J. Maxx substantially completed the roll out of the expanded jewelry and accessories departments to existing stores and Marshalls continued to add expanded footwear departments. We believe these expanded offerings further differentiate the shopping experience at T.J. Maxx and Marshalls, driving traffic to both chains. We expect to add approximately 200 expanded footwear departments in the Marshalls stores in fiscal 2008, and at T.J. Maxx, we will continue to add expanded jewelry and accessories departments in new stores, relocated stores and selectively, to existing stores.

T.J. Maxx and Marshalls stores are generally located in suburban community shopping centers. T.J. Maxx stores average approximately 30,000 square feet. Marshalls stores average approximately 32,000 square feet. We currently expect to add a net of 50 stores in fiscal 2008. Ultimately, we believe that T.J. Maxx and Marshalls together can operate approximately 1,800 stores in the United States and Puerto Rico.

HomeGoods

HomeGoods is our off-price retail chain that sells exclusively home fashions with a broad array of giftware, home basics, accent furniture, lamps, rugs, accessories, children's furniture, and seasonal merchandise for the home. Many of the HomeGoods stores are stand-alone stores; however, we also combine HomeGoods stores with a T.J. Maxx or Marshalls store in a superstore format, the majority of which are dual-branded, with both the T.J. Maxx or Marshalls logo and the HomeGoods logo. We count the superstores as both a T.J. Maxx or Marshalls store and a HomeGoods store. In fiscal 2007, we continued to open a different superstore format, called a "combo store," in which a HomeGoods store is located beside a T.J. Maxx or Marshalls store, with interior passageways providing access between the stores. This configuration is also dual-branded with both the T.J. Maxx or Marshalls logo and the HomeGoods logo.

Stand-alone HomeGoods stores average approximately 27,000 square feet. In superstores, which average approximately 53,000 square feet, we dedicate an average of 22,000 square feet to HomeGoods. The 270 stores open at the end of fiscal 2007 include 147 stand-alone stores, 105 superstores and 18 combo stores. In fiscal 2008, we plan to net 12 additional stores, including 1 superstore. We believe that the U.S. market could potentially support approximately 500 to 600 HomeGoods stores in the long term.

Winners and HomeSense

Winners is the leading off-price retailer in Canada, offering off-price brand name and designer women's apparel, lingerie, accessories, home fashions, giftware, fine jewelry, menswear, children's clothing, and family footwear. Winners operates HomeSense, our Canadian off-price home-fashions chain, launched in fiscal 2001. Like our HomeGoods chain, HomeSense offers a wide and rapidly changing assortment of off-price home fashions including giftware, accent furniture, lamps, rugs, accessories and seasonal merchandise. We operate HomeSense in a stand-alone format, as well as a superstore format where a HomeSense store and a Winners store are combined or operate side-by-side.

At fiscal 2007 year end, we operated 184 Winners stores, which averaged approximately 29,000 square feet and 68 HomeSense stores, which averaged approximately 24,000 square feet. We expect to add a net of 4 Winners stores and 3 HomeSense stores in fiscal 2008, in both the stand-alone and superstore format. Ultimately, we believe the Canadian market can support approximately 200 Winners stores and approximately 80 HomeSense stores.

T.K. Maxx

T.K. Maxx, operating in the United Kingdom and Ireland, is the only major off-price retailer in any European country. T.K. Maxx utilizes the same off-price strategies employed by T.J. Maxx, Marshalls and Winners, and offers the same types of merchandise. At the end of fiscal 2007, we operated 210 T.K. Maxx stores which averaged approximately 30,000 square feet. We expect to add a total of 10 stores in the United Kingdom and Ireland in fiscal 2008 and believe that the U.K. and Ireland can support approximately 275 stores in the long term. In addition, in the fall of fiscal 2008, we expect to open 5 T.K. Maxx stores in Germany.

A.J. Wright

A.J. Wright offers our off-price concept to the moderate income customer demographic, which differentiates this chain from our other off-price divisions. A.J. Wright stores offer brand-name family apparel, accessories, footwear, domestics, gift ware, including toys and games, and special, opportunistic purchases. A.J. Wright stores average approximately 26,000 square feet. We operated 129 A.J. Wright stores in the United States at fiscal 2007 year end.

During the fourth quarter of fiscal 2007, we identified 34 underperforming stores to close, as part of a plan to reposition A.J. Wright for future profitable growth. Virtually all of these stores were closed at the end of fiscal 2007. The cost to close these stores as well as the operating income or loss of these stores (in the current and prior periods) has been reported in our financial statements as a discontinued operation. In fiscal 2008, we anticipate opening 5 stores in existing markets as we focus on improving performance, both in our existing store base and in opening new stores. In the long term, we believe that the U.S. could potentially support approximately 1,000 A.J. Wright stores.

Bob's Stores

Bob's Stores, acquired in late 2003, offers casual, family apparel and footwear, including workwear, activewear, and licensed team apparel. Bob's Stores' customer demographics span the moderate to upper-middle income bracket. Bob's Stores operated 36 stores at the end of fiscal 2007, with an average size of 45,000 square feet. We do not plan to open any new stores for this division in fiscal 2008 as we continue to evaluate this business and focus on improving performance.

STORE LOCATIONS

We operated stores in the following locations as of January 27, 2007:

	T.J. Maxx*	Marshalls*	HomeGoods*	A. J. Wright	Bob's Stores
Alabama	16	6	2	-	-
Arizona	9	11	4	-	-
Arkansas	7	-	1	-	-
California	67	102	29	7	-
Colorado	11	8	2	-	-
Connecticut	25	23	10	5	13
Delaware	3	3	1	-	-
District of Columbia	1	-	-	1	-
Florida	55	59	23	2	-
Georgia	31	28	8	-	-
Idaho	5	1	1	-	-
Illinois	37	40	13	17	-
Indiana	17	10	1	8	-
Iowa	6	2	-	-	-
Kansas	6	3	1	-	-
Kentucky	9	4	3	2	-
Louisiana	7	9	-	-	-
Maine	7	3	3	-	-
Maryland	11	21	6	6	-
Massachusetts	47	48	21	18	12
Michigan	33	20	9	8	-
Minnesota	13	12	8	-	-
Mississippi	5	2	-	-	-
Missouri	13	12	6	-	-
Montana	3	-	-	-	-
Nebraska	3	2	-	-	-
Nevada	5	6	3	-	-
New Hampshire	14	9	5	1	3
New Jersey	31	39	21	6	4
New Mexico	3	2	-	-	-
New York	47	54	19	17	3
North Carolina	25	19	8	-	-
North Dakota	3	-	-	-	-
Ohio	38	16	9	9	-
Oklahoma	3	3	-	-	-
Oregon	7	4	1	-	-
Pennsylvania	40	30	8	7	-
Puerto Rico	-	14	7	-	-
Rhode Island	5	6	4	2	1
South Carolina	18	9	4	-	-
South Dakota	1	-	-	-	-
Tennessee	24	12	6	3	-
Texas	36	55	6	-	-
Utah	9	-	2	-	-
Vermont	4	1	1	-	-
Virginia	29	23	7	8	-
Washington	13	8	-	-	-
West Virginia	3	2	1	-	-
Wisconsin	15	7	6	2	-
Wyoming	1	-	-	-	-
Total Stores	821	748	270	129	36

• Winners operated 184 stores in Canada (including the Winners portion of a superstore): 22 in Alberta, 24 in British Columbia, 6 in Manitoba, 3 in New Brunswick, 2 in Newfoundland, 6 in Nova Scotia, 85 in Ontario, 1 on Prince Edward Island, 32 in Quebec and 3 in Saskatchewan.

- HomeSense operated 68 stores in Canada (including the HomeSense portion of a superstore): 8 in Alberta, 12 in British Columbia, 1 in Manitoba, 2 in New Brunswick, 2 in Nova Scotia, 35 in Ontario and 8 in Quebec.
- T.K. Maxx operated 202 stores in the United Kingdom and 8 stores in the Republic of Ireland.

* Includes T.J. Maxx, Marshalls or HomeGoods portion of a superstore.

COMPUTER INTRUSION

We suffered an unauthorized intrusion into portions of our computer systems that process and store information related to customer transactions that we believe resulted in the theft of customer data. We do not know who took this action and whether there were one or more intruders involved (we refer to the intruder or intruders collectively as the "Intruder"), or whether there was one continuing intrusion or multiple, separate intrusions (we refer to the intrusion or intrusions collectively as the "Computer Intrusion"). We are engaged in an ongoing investigation of the Computer Intrusion, and the information provided in this Form 10-K is based on the information we have learned in our investigation to the date of this Form 10-K. We do not know what, if any, additional information we will learn in our investigation, but that information could materially add to or change the information provided in this Form 10-K.

Discovery of Computer Intrusion. On December 18, 2006, we learned of suspicious software on our computer systems. We immediately initiated an investigation, and the next day, General Dynamics Corporation and International Business Machines Corporation, leading computer security and incident response firms, were engaged to assist in the investigation. They determined on December 21, 2006 that there was strong reason to believe that our computer systems had been intruded upon and that an Intruder remained on our computer systems. With the assistance of our investigation team, we immediately began to design and implement a plan to monitor and contain the ongoing Computer Intrusion, protect customer data and strengthen the security of our computer systems against the ongoing Computer Intrusion and possible future attacks.

On December 22, 2006, we notified law enforcement officials of the suspected Computer Intrusion and later that day met with representatives of the U.S. Department of Justice, U.S. Secret Service and U.S. Attorney, Boston Office to brief them. At that meeting, the U.S. Secret Service advised us that disclosure of the suspected Computer Intrusion might impede their criminal investigation and requested that we maintain the confidentiality of the suspected Computer Intrusion until law enforcement determined that disclosure would no longer compromise the investigation.

With the assent of law enforcement, on December 26 and December 27, 2006, we notified our contracting banks and credit and debit card and check processing companies of the suspected Computer Intrusion (we refer to credit and debit cards as "payment cards"). On December 27, 2006, we first determined that customer information had apparently been stolen from our computer systems in the Computer Intrusion. On January 3, 2007, we, together with the U.S. Secret Service, met with our contracting banks and payment card and check processing companies to discuss the Computer Intrusion.

Prior to the public release of information with respect to the Computer Intrusion, we provided information on the Computer Intrusion to the U.S. Federal Trade Commission, U.S. Securities & Exchange Commission, Royal Canadian Mounted Police and Canadian Federal Privacy Commissioner. Upon the public release, we also provided information to the Massachusetts and other state Attorneys General, California Office of Privacy Protection, various Canadian Provincial Privacy Commissioners, the U.K. Information Commissioner, and the Metropolitan Police in London, England.

On January 13, 2007, we determined that additional customer information had apparently been stolen from our computer systems.

On January 17, 2007, we publicly announced the Computer Intrusion and thereafter we expanded our forensic investigation of the Computer Intrusion.

On February 18, 2007, in the course of our ongoing investigation, we found evidence that the Computer Intrusion may have been initiated earlier than previously reported and that additional customer information potentially had been stolen. On February 21, 2007, we publicly announced additional findings on the timing and scope of the Computer Intrusion.

Timing of Computer Intrusion. Based on our investigation to date, we believe that our computer systems were first accessed by an unauthorized Intruder in July 2005, on subsequent dates in 2005 and from mid-May

2006 to mid-January 2007, but that no customer data were stolen after December 18, 2006.

Systems Affected in the Computer Intrusion. We believe that information was stolen in the Computer Intrusion from a portion of our computer systems in Framingham, MA that processes and stores information related to payment card, check and unreceipted merchandise return transactions for customers of our T.J. Maxx, Marshalls, HomeGoods and A.J. Wright stores in the U.S. and Puerto Rico and our Winners and HomeSense stores in Canada ("Framingham

system") and from a portion of our computer systems in Watford, U.K. that processes and stores information related to payment card transactions at T.K. Maxx in the United Kingdom and Ireland ("Watford system"). We do not believe that the Computer Intrusion affected the portions of our computer systems handling transactions for customers of Bob's Stores, or check and merchandise return transactions at T.K. Maxx. We do not believe that customer personal identification numbers (PINs) were compromised, because, before storage on the Framingham system, they are separately encrypted in U.S., Puerto Rican and Canadian stores at the PIN pad, and because we do not store PINs on the Watford system. We do not believe that information from transactions using debit cards issued by Canadian banks at Winners and HomeSense that were transacted through the Interac network was compromised. Although we believe that information from transactions at our U.S. stores (other than Bob's Stores) using Canadian debit cards that were transacted through the NYCE network were processed and stored on the Framingham system, we do not believe the PINs required to use these Canadian debit cards were compromised in the Computer Intrusion. We do not process or store names or addresses on the Framingham system in connection with payment card or check transactions.

Customer Information Believed Stolen. We have sought to identify customer information stolen in the Computer Intrusion. To date, we have been able to identify only some of the information that we believe was stolen. Prior to discovery of the Computer Intrusion, we deleted in the ordinary course of business the contents of many files that we now believe were stolen. In addition, the technology used by the Intruder has, to date, made it impossible for us to determine the contents of most of the files we believe were stolen in 2006. Given the scale and geographic scope of our business and computer systems and the time frames involved in the Computer Intrusion, our investigation has required a substantial period of time to date and is not completed. We are continuing to try to identify information stolen in the Computer Intrusion through our investigation, but, other than the information provided below, we believe that we may never be able to identify much of the information believed stolen.

Based on our investigation, we have been able to determine some details about information processed and stored on the Framingham system and the Watford system. Customer names and addresses were not included with the payment card data believed stolen for any period, because we do not process or store that information on the Framingham system or Watford system in connection with payment card transactions. In addition, for transactions after September 2, 2003, we generally no longer stored on our Framingham system the security data included in the magnetic stripe on payment cards required for card present transactions ("track 2" data), because those data generally were masked (meaning permanently deleted and replaced with asterisks). Also, by April 3, 2006, our Framingham system generally also masked payment card PINs, some other portions of payment card transaction information, and some portions of check transaction information. For transactions after April 7, 2004 our Framingham system also generally began encrypting (meaning substituted characters for the actual characters using an encryption algorithm provided by our software vendor) all payment card and check transaction information. With respect to the Watford system, masking and encryption practices were generally implemented at various points in time for various portions of the payment card data.

Until discovery of the Computer Intrusion, we stored certain customer personal information on our Framingham system that we received in connection with returns of merchandise without receipts and in some check transactions in our U.S., Puerto Rican and Canadian stores (other than Bob's Stores). In some cases, this personal information included drivers' license, military and state identification numbers (referred to as "personal ID numbers"), together with related names and addresses, and in some of those cases, we believe those personal ID numbers were the same as the customers' social security numbers. After April 7, 2004, we generally encrypted this personal information when stored on our Framingham system. We do not process or store information relating to check or merchandise return transactions or customer personal information on the Watford system.

Information Believed Stolen in 2005. As we previously publicly reported, we believe customer data were stolen in September and November 2005 relating to a portion of the payment card transactions made at our stores in the U.S., Puerto Rico and Canada (excluding transactions at Bob's Stores and transactions made at Winners and HomeSense through the Interac network with debit cards issued by Canadian banks) during the period from December 31, 2002 through June 28, 2004. We suspect the data believed stolen in 2005 related to somewhere between approximately half to substantially all of the transactions at U.S., Puerto Rican and Canadian stores during the period from December 31, 2002 through June 28, 2004 (excluding transactions at Bob's Stores and transactions made at Winners and HomeSense through the Interac network with debit cards issued by Canadian

banks). The data were included in files routinely created on our Framingham system to store customer data, but the contents of many of the files were deleted in the ordinary course of business prior to discovery of the Computer Intrusion. Through our investigation to date, we have

identified the information set forth in the following chart with respect to the approximate number of payment cards for which information is believed to have been stolen in this period:

Payment Card Status at Time of Believed Theft	Transaction Period 12/31/02 — 11/23/03 Track 2 Data Masked (Not Stored)	12/31/02 — 11/23/03 All Card Data Clear	11/24/03 — 4/7/04 Track 2 Data Masked (Not Stored)	11/24/03 — 4/7/04 All Card Data Clear	4/8/04 — 6/28/04 Card Data Encrypted and Track 2 Data Masked (Not Stored)	4/8/04 — 6/28/04 All Card Data Clear
(in thousands)						
Cards Expired	5,600	25,000	Number Unknown(1)	None	Number Unknown(1)	None
Cards Unexpired	3,800	11,200	Number Unknown(1)	None	Number Unknown(1)	None

(1) Substantially all stolen data from these periods were deleted in the ordinary course of business subsequent to the believed theft but prior to discovery of Computer Intrusion. We have not sought to decrypt encrypted data that was not deleted.

Customer names and addresses and, for transactions after September 2, 2003, track 2 data were not included in the payment card information believed stolen in 2005. We do not believe that customer PINs were compromised.

In addition, we believe that personal information provided in connection with a portion of the unreceipted merchandise return transactions at T.J. Maxx, Marshalls, and HomeGoods stores in the U.S. and Puerto Rico, primarily during the last four months of 2003 and May and June 2004, was also stolen in 2005. The information we are able to specifically identify was from 2003 and included personal ID numbers, together with the related names and/or addresses, of approximately 451,000 individuals. We are in the process of notifying these individuals directly by letter.

Information Believed Stolen in 2006. As previously publicly reported, we identified a limited number of payment cards as to which transaction information was included in the customer data that we believe were stolen in 2006. This information was contained in two files apparently created in connection with computer systems problems in 2004 and 2006. Through our investigation to date, we have identified the following information with respect to the approximate number of payment cards for which unencrypted information was included in these files:

Card Status at Date of Believed Theft	Track 2 Data Masked (Not Stored)	All Card Data Clear
(in thousands)		
Cards Expired	23	85
Cards Unexpired	20	4

Customer names and addresses were not included with the payment card information in these files. We do not believe that customer PINs were compromised. Some of the payment card data contained in these files were encrypted; we have not sought to decrypt these data.

In addition, the two files contained the personal ID numbers, together with the related names and/or addresses, of approximately 3,600 individuals, and we sent notice directly to these individuals.

We also have located a third file created in the ordinary course that we believe was stolen by the Intruder in 2006 and that we believe contained customer data. All of the data in this file are encrypted, and we have not sought to decrypt them.

As previously publicly reported, we believe that in 2006 the Intruder may also have stolen from our Framingham system additional payment card, check and unreceipted merchandise return information for transactions made in our stores in the U.S., Canada, and Puerto Rico (excluding transactions at Bob's Stores and transactions made at Winners and HomeSense through the Interac network with debit cards issued by Canadian banks) during portions of mid-May through December 18, 2006. Through our investigation, we have identified approximately 100 files that we believe the Intruder, during this period, stole from our Framingham system (the

vast majority of which we believe the Intruder created) and that we suspect included customer data. However, due to the technology utilized by the Intruder, we are unable to determine the nature or extent of information included in these files. Despite our masking and encryption practices on our Framingham system in 2006, the technology utilized in the Computer Intrusion during 2006 could have enabled the Intruder to steal payment card data from our Framingham system during the payment card issuer's approval process, in which data (including the track 2 data) is transmitted to payment card issuer's without encryption. Further, we believe that the Intruder had access to the decryption tool for the encryption software utilized by TJX. The

approximately 100 files stolen in 2006 could have included the data that we believe were stolen in 2005, as well as other data relative to some customer transactions from December 31, 2002 through mid-May 2006, although, with respect to transactions after September 2, 2003 generally without track 2 data, and, with respect to transactions after April 7, 2004, generally with all data encrypted.

In addition, as previously publicly reported, we suspect that customer data for payment card transactions at T.K. Maxx stores in the U.K. and Ireland has been stolen. In that regard, we now believe that at least two files of the approximately 100 files identified above that the Intruder stole from the Framingham system in 2006 were created by the Intruder and moved from the Watford system to the Framingham system. We suspect that these files contained payment card transaction data, some or all of which could have been unencrypted and unmasked. However, due to the technology utilized by the Intruder in the Computer Intrusion, we are unable to determine the nature or extent of information included in these files. Further, the technology utilized by the Intruder in the Computer Intrusion during 2006 on the Watford system could also have enabled the Intruder to steal payment card data from the Watford system during the payment card issuer's approval process, in which data (including the track 2 data) are transmitted to payment card issuer's without encryption.

We have provided extensive payment card transaction information to the banks and payment card companies with which we contract as requested by them. While we have been advised by law enforcement authorities that they are investigating fraudulent use of payment card information believed stolen from TJX, we do not know the extent of any fraudulent use of such information. Some banks and payment card companies have advised us that they have found what they consider to be preliminary evidence of possible fraudulent use of payment card information that may have been stolen from us, but they have not shared with us the details of their preliminary findings. We also do not know the extent of any fraudulent use of any of the personal information believed stolen. Certain banks have sought, and other banks and payment card companies may seek, either directly against us or through claims against our acquiring banks as to which we may have an indemnity obligation, payment of or reimbursement for fraudulent card charges and operating expenses (such as costs of replacing and/or monitoring payment cards thought by them to have been placed at risk by the Computer Intrusion) that they believe they have incurred by reason of the Computer Intrusion. In addition, payment card companies and associations may seek to impose fines by reason of the Computer Intrusion.

Financial Costs. In the fourth quarter of fiscal 2007, we recorded a pre-tax charge of approximately $5 million, or $.01 per share, for costs incurred through the fourth quarter in connection with the Computer Intrusion, which includes costs incurred to investigate and contain the Computer Intrusion, strengthen computer security and systems, and communicate with customers, as well as technical, legal, and other fees. Beyond this charge, we do not have enough information to reasonably estimate losses we may incur arising from the Computer Intrusion. Various litigation has been or may be filed, and various claims have been or may be otherwise asserted, against us and/or our acquiring banks, on behalf of customers, banks, and/or card companies seeking damages allegedly arising out of the Computer Intrusion and other related relief. We intend to defend such litigation and claims vigorously, although we cannot predict the outcome of such litigation and claims. Various governmental entities are investigating the Computer Intrusion, and although we are cooperating in such investigations, we may be subject to fines or other obligations. (See Item 3 with respect to litigation and investigations.) Losses that we may incur as a result of the Computer Intrusion include losses arising out of claims by payment card associations and banks, customers, shareholders, governmental entities and others; technical, legal, computer systems and other expenses; and other potential liabilities, costs and expenses. Such losses could be material to our results of operation and financial condition.

Future Actions. We are continuing our forensic investigation of the Computer Intrusion and our ongoing program to strengthen and protect our computer systems. We are continuing to communicate with our customers about the Computer Intrusion. We are continuing to cooperate with law enforcement in its investigation of these crimes and with the payment card companies and associations and our acquiring banks. We are also continuing to cooperate with governmental agencies in their investigations of the Computer Intrusion. We are vigorously defending the litigation and claims asserted against us with respect to the Computer Intrusion.

OTHER INFORMATION

Employees

At January 27, 2007, we had approximately 125,000 employees, many of whom work less than 40 hours per week. In addition, we hire temporary employees during the peak back-to-school and holiday seasons.

Credit

Our stores operate primarily on a cash-and-carry basis. Each chain accepts credit sales through programs offered by banks and others. We do not operate our own customer credit card program or maintain customer credit receivables. Our co-branded TJX card program for our domestic divisions offered by a major bank expired February 1, 2007, as scheduled. We plan to offer a new co-branded TJX credit card program with a different major bank in fiscal 2008. The rewards program associated with these programs is partially funded by TJX.

Buying and Distribution

We operate a centralized buying organization that services both the T.J. Maxx and Marshalls chains, while each of our other chains has its own centralized buying organization. All of our chains are serviced through their own distribution networks which includes the use of third party providers at our HomeGoods division.

Trademarks

Our principal trademarks and service marks, which are T.J. Maxx, Marshalls, HomeGoods, Winners, HomeSense, T.K. Maxx, A.J. Wright and Bob's Stores, are registered in relevant countries. Our rights in these trademarks and service marks endure for as long as they are used.

Seasonality

Our business is subject to seasonal influences, which causes us generally to realize higher levels of sales and income in the second half of the year. This is common in the apparel retail business.

Competition

The retail apparel and home fashion business is highly competitive. We compete on the basis of fashion, quality, price, value, merchandise selection and freshness, brand name recognition and, to a lesser degree, store location. We compete with local, regional, national and international department, specialty, off-price, discount and outlet stores as well as other retailers that sell apparel, home fashions and other merchandise that we sell, whether in stores, through catalogues or media or over the internet. We purchase most of our inventory opportunistically and compete for that merchandise with other off-price apparel and outlet retailers. We also compete with other retailers for store locations.

SEC Filings and Certifications

Copies of our annual reports on Form 10-K, proxy statements, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those filings pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available free of charge on our website, www.tjx.com, under "SEC Filings," as soon as reasonably practicable after they are filed electronically with the Securities and Exchange Commission (the "SEC"). They are also available free of charge from TJX Investor Relations, 770 Cochituate Road, Framingham, Massachusetts, 01701.

The Annual CEO Certification for the fiscal year ended January 28, 2006, as required by Section 303A.12 (a) of the Listed Company Manual of the New York Stock Exchange ("NYSE"), regarding our compliance with the corporate governance listing standards of the NYSE, was submitted to the NYSE on June 29, 2006.

We have filed the Sarbanes-Oxley Act Section 302 Certifications as an exhibit to this Form 10-K.

ITEM 1A. Risk Factors

The statements in this Section describe the major risks to our business and should be considered carefully, in connection with all of the other information set forth in this annual report on Form 10-K. In addition, these statements constitute our cautionary statements under the Private Securities Litigation Reform Act of 1995.

Our disclosure and analysis in this 2006 Form 10-K and in our 2006 Annual Report to Shareholders contain some forward-looking statements, including some of the statements made under Item 1, "Business," Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Item 8, "Financial Statements and Supplementary Data," and in our 2006 Annual Report to Stockholders under "Letter to Shareholders" and "Financial Graphs." From time to time, we also provide forward-looking statements in other materials we release to the public as well as oral forward-looking statements. Such statements give our current expectations or forecasts of future events;

they do not relate strictly to historical or current facts. We have generally identified such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will," "target," "forecast" and similar expressions in connection with any discussion of future operating or financial performance. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In particular, these include statements relating to future actions, future performance or results of current and anticipated sales, expenses, interest rates, foreign exchange rates, the outcome of contingencies, such as legal proceedings, and financial results.

We cannot guarantee that any forward-looking statement will be realized. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q and 8-K reports to the SEC. The risks that follow, individually or in the aggregate, are those that we think could cause our actual results to differ materially from those stated or implied in forward-looking statements. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties.

Our revenue growth could be adversely affected if we do not continue to expand our operations successfully.

We have steadily expanded the number of chains and stores we operate and our selling square footage. Our revenue growth is dependent upon our ability to continue to expand successfully through new store openings as well as our ability to increase same store sales. Successful store growth requires selection of store locations in appropriate geographies, availability of attractive stores or store sites in such locations and negotiation of acceptable terms. Competition for desirable sites and increases in real estate, construction and development costs could limit our growth opportunities. Even if we succeed in opening new stores, these new stores may not achieve the same sales or profit levels as our existing stores. Further, expansion places demands upon us to manage rapid growth, and we may not do so successfully.

Our quarterly operating results can be subject to significant fluctuations and may fall short of either a prior quarter or investors' expectations.

Our operating results have fluctuated from quarter to quarter in the past, and we expect that they will continue to do so in the future. Our earnings may not continue to grow at rates similar to the growth rates achieved in recent years and may fall short of either a prior quarter or investors' expectations. Factors that could cause these quarterly fluctuations include some factors that are within our control such as the execution of our off-price buying; selection, pricing, flow and mix of merchandise; and inventory management including markon and markdowns; and some factors that are not within our control including actions of competitors; weather conditions; economic conditions and consumer confidence; and seasonality. In addition, if we do not repurchase, or are unable to repurchase, the number of shares we contemplate pursuant to our stock repurchase program, our earnings per share may be adversely affected. Most of our operating expenses, such as rent expense and associate salaries, do not vary directly with the amount of sales and are difficult to adjust in the short term. As a result, if sales in a particular quarter are below expectations for that quarter, we may not proportionately reduce operating expenses for that quarter, and therefore such a sales shortfall would have a disproportionate effect on our net income for the quarter. We maintain a forecasting process that seeks to project sales and align expenses. If management fails to correctly forecast changes or appropriately adjust the business plan in light of results, our financial performance could be adversely affected.

We may have difficulty extending our off-price model in new product lines, chains and geographic regions.

We have expanded our original off-price model into different product lines, chains, geographic areas and countries. Our growth is dependent upon our ability to successfully execute our off-price retail apparel and home fashions concepts in new markets and geographic regions. If we are unable to successfully execute our concepts

in these

new markets and regions, or if consumers there are not receptive to the concepts, our financial performance could be adversely affected.

If we fail to execute our opportunistic buying and inventory management well, our business could be adversely affected.

We purchase the majority of our inventory opportunistically with our buyers purchasing close to need. To drive traffic to the stores and to increase same store sales, the treasure hunt nature of the off-price buying experience requires continued replenishment of fresh high quality, attractively priced merchandise. While opportunistic buying enables our buyers to buy at the right time and price, in the quantities we need and into market trends, it places considerable discretion in our buyers, subjecting us to risks on the timing, quantity and nature of inventory flowing to the stores. We rely on our expansive distribution infrastructure to support delivering goods to our stores on time. We must effectively and timely distribute inventory to stores, maintain an appropriate mix and level of inventory and effectively manage pricing and markdowns. Failure to acquire and manage our inventory well and to operate our distribution infrastructure effectively could adversely affect our performance and our relationship with our customers.

Our success depends upon our marketing, advertising and promotional efforts. If we are unable to implement them successfully, or if our competitors are more effective than we are, our revenue may be adversely affected.

We use marketing and promotional programs to attract customers to our stores and to encourage purchases by our customers. We use various media for our promotional efforts, including print, television, database marketing and direct marketing. If we fail to choose the appropriate medium for our efforts, or fail to implement and execute new marketing opportunities, our competitors may be able to attract some of our customers and cause them to decrease purchases in our stores and increase purchases elsewhere, which might negatively impact our revenues. Changes in the amount and degree of promotional intensity or merchandising strategy by our competitors could cause us to have difficulties in retaining existing customers and attracting new customers.

We have expended and expect to expend significant time and money as a result of the Computer Intrusion we suffered, and as a result of the Computer Intrusion, we could incur material losses, and our reputation and business could be materially harmed.

We suffered the Computer Intrusion in which we believe that customer data were stolen. We are conducting an investigation of the Computer Intrusion. To date, we have been able to identify only some of the information that we believe was stolen. Deletions in the ordinary course of business prior to discovery of the Computer Intrusion and the technology used by the Intruder have, to date, made it impossible for us to determine much of the information we believe was stolen, and we believe that we may never be able to identify much of that information. Further, we cannot predict whether we will learn information in addition to or different from the information that we now believe about the Computer Intrusion and the data believed stolen.

While we have been advised by law enforcement authorities that they are investigating fraudulent use of payment card information believed stolen from TJX, we do not know the extent of any fraudulent use of such information. Some banks and payment card companies have advised us that they have found what they consider to be preliminary evidence of possible fraudulent use of credit payment card information that may have been stolen from us, but they have not shared with us the details of their preliminary findings. We also do not know the extent of any fraudulent use of any of the personal information believed stolen. There could be significant fraudulent use of the information believed stolen from us.

We have incurred capital and other costs to investigate and contain the Computer Intrusion, strengthen our computer security and systems, and communicate with customers, as well as legal, technical and other fees, and we expect to continue to incur significant costs for these purposes. Certain banks have sought, and other banks and payment card companies may seek, either directly against us or through claims against our acquiring banks as to which we may have an indemnity obligation, payment of or reimbursement for fraudulent card charges and operating expenses (such as costs of replacing and/or monitoring payment cards thought by them to have been placed at risk by the Computer Intrusion) that they believe they have incurred by reason of the Computer Intrusion. In addition, payment card companies and associations may seek to impose fines by reason of the Computer Intrusion.

Various litigation has been or may be filed, and various claims have been or may be otherwise asserted, against us and/or our acquiring banks for which we may be responsible, on behalf of customers, banks, payment card companies

and shareholders seeking damages allegedly arising out of the Computer Intrusion and other related relief. We intend to defend such litigation and claims vigorously, although we cannot predict the outcome of such litigation and claims. Various governmental entities are investigating the Computer Intrusion, and although we are cooperating in such investigations, we may be subject to fines or other obligations. We cannot predict what actions such governmental entities will take and what the consequences will be for us. The ultimate resolution of such litigation, claims and investigations could have a material adverse effect on our results of operations and financial condition. Regardless of the merits and ultimate outcome of these matters, litigation and proceedings of this type are expensive to respond to and defend, and we could devote substantial resources and time to responding to and defending them.

Beyond the charge we took in the fourth quarter of fiscal 2007, we do not have enough information to reasonably estimate losses we may incur arising from the Computer Intrusion. These losses may include losses arising out of claims by payment card companies and banks, customers, shareholders and governmental entities; technical, legal, computer system and other expenses; and other potential liabilities, costs and expenses. Such losses could be material to our results of operations and financial condition. Further, the publicity associated with the Computer Intrusion could materially harm our business and relationships with customers.

Since discovering the Computer Intrusion, we have taken steps designed to strengthen the security of our computer systems and protocols and have instituted an ongoing program to continue to do so. Nevertheless, there can be no assurance that we will not suffer a future data compromise. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as payment card and personal information. We believe that the Intruder had access to the decryption algorithm for the encryption software we utilize. Further, the systems currently used for transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, all of which can put payment card data at risk, are determined and controlled by the payment card industry, not by us. Improper activities by third parties, advances in computer and software capabilities and encryption technology, new tools and discoveries and other events or developments may facilitate or result in a further compromise or breach of our computer systems. Any such further compromises or breaches could cause interruptions in our operations, damage to our reputation and customers' willingness to shop in our stores and subject us to additional costs and liabilities.

Our business is subject to seasonal influences and a decrease in sales or margins during the second half of the year could adversely affect our operating results.

Our business is subject to seasonal influences; we realize higher levels of sales and income in the second half of the year. Any decrease in sales or margins during this period could have a disproportionate effect on our financial condition and results of operations.

If we fail to anticipate consumer trends and preferences, our performance could suffer.

Because our success depends on our ability to keep up with consumer trends, we take steps to address the risk that we will fail to anticipate consumer preferences. These include, for example, maintaining extensive contacts with vendors, with other retailers, as appropriate, and with the National Retail Federation, comparison shopping and monitoring fashion trends. Our buying departments and individual buyers monitor consumer trends and preferences in their respective product categories and areas. We focus on the demographics associated with the customer bases of our divisions and we monitor such demographics in locating new and remodeled stores. Nonetheless, we still face the risk that we will fail to effectively anticipate consumer trends and preferences, which failure could adversely affect our operating results.

We experience risks associated with our substantial size and scale.

We operate eight store chains in several countries. Some aspects of the businesses and operations of the chains are conducted with relative autonomy. The large size of our operations, our multiple businesses and the autonomy afforded to the chains increase the risk that systems and practices will not be implemented uniformly throughout our Company and that information will not be appropriately shared across different chains and countries.

Unseasonable weather in the markets in which our stores operate could adversely affect our operating results.

Customers' willingness to shop and their demand for the merchandise in our stores are affected by adverse and unseasonable weather. Frequent or unusually heavy snow, ice or rain storms, natural disasters, severe cold or heat or

extended periods of unseasonable temperatures in our markets could adversely affect our sales and increase markdowns.

We operate in highly competitive markets, and we may not be able to compete effectively.

The retail business is highly competitive. We compete for customers, associates, locations, merchandise, services and other important aspects of our business with many other local, regional and national retailers. We also face competition from alternative retail distribution channels such as catalogues, media and internet sites. Changes in the merchandising, pricing and promotional activities of those competitors and in the retail industry generally may adversely affect our performance.

If we do not attract and retain quality sales, distribution center and other associates in large numbers as well as experienced buying and management personnel, our performance could be adversely affected.

Our performance is dependent on recruiting, developing, training and retaining quality sales, distribution center and other associates in large numbers as well as experienced buying and management personnel. Many of our associates are in entry level or part-time positions with historically high rates of turnover. The nature of the workforce in the retail industry subjects us to the risk of immigration law violations. Our ability to meet our labor needs while controlling costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and changing demographics. In the event of increasing wage rates, if we do not increase our wages competitively, our customer service could suffer because of a declining quality of our workforce, or our earnings could decrease if we increase our wage rates. In addition, certain associates in our distribution centers are members of unions and therefore subject us to the risk of labor actions. Further, our off-price model limits the market for experienced buying and management personnel and requires us to do significant internal training and development. Changes that adversely impact our ability to attract and retain quality associates and management personnel could adversely affect our performance.

If we engage in mergers or acquisitions of new businesses, or divest any of our current businesses, our business will be subject to additional risks.

We have grown our business through mergers and acquisitions. Integrating new stores and concepts can be a difficult task. We may consider attractive opportunities to acquire new businesses or to divest any of our current business segments. Acquisition or divestiture activities may divert attention of our executive management team away from the existing businesses. We may do a less than optimal job of due diligence or evaluation of target companies. Divestiture also involves risks, such as the risk of future exposure on lease obligations. Failure to execute on mergers or divestitures in a satisfactory manner could have an adverse effect on our future business prospects or our financial performance in the future.

If we are unable to operate information systems and implement new technologies effectively, our business could be disrupted or our sales or profitability could be reduced.

The efficient operation of our business is dependent on our information systems, including our ability to operate them effectively and to successfully implement new technologies, systems, controls and adequate disaster recovery systems. In addition, we must protect the confidentiality of our and our customers' data. The failure of TJX's information systems to perform as designed or our failure to implement and operate them effectively could disrupt our business or subject us to liability and thereby harm our profitability. See also the risk factor above entitled "*We have expended and expect to expend significant time and money as a result of the Computer Intrusion we suffered, and as a result of the Computer Intrusion, we could incur material losses, and our reputation and business could be materially harmed.*"

We depend upon strong cash flows from our operations to support new capital expansion, operations, debt repayment and stock repurchase program.

Our business is dependent upon our operations generating strong cash flows to support our capital expansion requirements, our general operating activities and our stock repurchase programs and to fund debt repayment and the availability of financing sources. Our inability to continue to generate sufficient cash flows to support these activities or the lack of availability of financing in adequate amounts and on appropriate terms could adversely affect our financial performance or our earnings per share growth.

Consumer spending is adversely affected by general economic and other factors, which are beyond our control, and could adversely affect our sales and operating results.

Interest rates; recession; inflation; deflation; consumer credit availability; consumer debt levels; energy costs; tax rates and policy; unemployment trends; threats or possibilities of war, terrorism or other global or national unrest; actual or threatened epidemics; political or financial instability; and general economic and other factors have significant effects on consumer confidence and spending, which in turn affect sales at TJX and other retailers. These factors are beyond our control and could adversely affect our sales and performance.

We are subject to import risks.

Many of the products sold in our stores are sourced by our vendors and to a limited extent by us in many foreign countries. Imported merchandise is subject to various risks, including potential disruptions in supply, changes in duties, tariffs, quotas and voluntary export restrictions on imported merchandise, strikes and other events affecting delivery; and economic, political or other problems in countries from or through which merchandise is imported. Political or financial instability, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to international trade and imported merchandise are beyond our control and could affect the availability and the price of our inventory.

Our expanding international operations expose us to risks inherent in foreign operations.

We have a significant presence in Canada, the United Kingdom and Ireland, and have plans to expand into Germany in fiscal 2008. We may also seek to expand into other international markets in the future. Our foreign operations encounter risks similar to those faced by our U.S. operations, as well as risks inherent in foreign operations, such as understanding the retail climate and trends, local customs and competitive conditions in foreign markets, complying with foreign laws, rules and regulations, and foreign currency fluctuations, which could have an adverse impact on our profitability.

Changes in laws and regulations and accounting rules and principles could negatively affect our business operations and financial performance.

Various aspects of our operations are subject to federal, state or local laws, rules and regulations, any of which may change from time to time. Generally accepted accounting principles may change from time to time, as well. Regulatory developments and changes in accounting rules and principles could adversely affect our business operations and financial performance.

We maintain internal controls over financial reporting, but they cannot provide absolute assurance that there will not be material errors in our financial reporting.

We maintain a system of internal controls over financial reporting, but there are limitations inherent in internal control systems. If we are unable to maintain adequate and effective internal control over financial reporting, our financial performance could be adversely affected. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be appropriate relative to their costs.

ITEM 1B. Unresolved Staff Comments

None

ITEM 2. Properties

We lease virtually all of our store locations, generally for 10 years with an option to extend the lease for one or more 5-year periods. We have the right to terminate some of these leases before the expiration date under specified circumstances and for specified payments.

The following is a summary of our primary distribution centers and administrative office locations as of January 27, 2007. Square footage information for the distribution centers represents total "ground cover" of the facility. Square footage information for office space represents total space occupied:

DISTRIBUTION CENTERS

T.J. Maxx	Worcester, Massachusetts	(500,000 s.f. - owned)
	Evansville, Indiana	(983,000 s.f. - owned)
	Las Vegas, Nevada	(713,000 s.f. shared with Marshalls - owned)
	Charlotte, North Carolina	(600,000 s.f. - owned)
	Pittston Township, Pennsylvania	(1,017,000 s.f. - owned)
Marshalls	Decatur, Georgia	(780,000 s.f. - owned)
	Woburn, Massachusetts	(473,000 s.f. - leased)
	Bridgewater, Virginia	(562,000 s.f. - leased)
	Philadelphia, Pennsylvania	(1,001,000 s.f. - leased)
Winners and HomeSense	Brampton, Ontario	(506,000 s.f. - leased)
	Mississauga, Ontario	(667,000 s.f. - leased)
HomeGoods	Brownsburg, Indiana	(805,000 s.f. - owned)
	Bloomfield, Connecticut	(443,000 s.f. - owned)
T.K. Maxx	Milton Keynes, England	(108,000 s.f. - leased)
	Wakefield, England	(176,000 s.f. - leased)
	Stoke, England	(261,000 s.f. - leased)
	Walsall, England	(275,000 s.f. - leased)
A.J. Wright	Fall River, Massachusetts	(501,000 s.f. - owned)
	South Bend, Indiana	(542,000 s.f. - owned)
Bob's Stores	Meriden, Connecticut	(200,000 s.f. - leased)

OFFICE SPACE

TJX, T.J. Maxx, Marshalls, HomeGoods, A.J. Wright	Framingham and Westboro, Massachusetts	(1,244,000 s.f. - leased in several buildings)
Bob's Stores	Meriden, Connecticut	(34,000 s.f. - leased)
Winners and HomeSense	Mississauga, Ontario	(138,000 s.f. - leased)
T.K. Maxx	Watford, England	(61,000 s.f. - leased)

The table below indicates the approximate average store size as well as the gross square footage of stores and distribution centers, by division, as of January 27, 2007:

		Total Square Feet (In Thousands)	
	Average Store Size	Stores	Distribution Centers
T.J. Maxx	30,000	24,749	3,813
Marshalls	32,000	24,205	2,816
Winners(1)	29,000	5,414	1,173
HomeSense(2)	24,000	1,643	—
HomeGoods(3)	25,000	6,646	1,248
T.K. Maxx	30,000	6,394	820
A.J. Wright	26,000	3,307	1,043
Bob's Stores	45,000	1,629	200
Total		73,987	11,113

(1) Distribution centers currently service both Winners and HomeSense stores.

(2) A HomeSense stand-alone store averages 25,000 square feet, while the HomeSense portion of a superstore format averages 23,000 square feet.

(3) A HomeGoods stand-alone store averages 27,000 square feet, while the HomeGoods portion of a superstore format averages 22,000 square feet.

ITEM 3. Legal

Litigation. Since mid-January, 2007, a number of putative class actions have been filed against TJX in state and federal courts in Alabama, California, Massachusetts and Puerto Rico, and in provincial Canadian courts in Alberta, British Columbia, Manitoba, Ontario, Quebec and Saskatchewan, putatively on behalf of customers, including all customers in the United States, Puerto Rico and Canada, whose transaction data were allegedly compromised by the Computer Intrusion. An action has also been filed against TJX in federal court in Massachusetts putatively on behalf of all financial institutions who issued credit and debit cards purportedly used at TJX stores during the period of the security breach. The actions assert claims, generally, for negligence and related common-law and/or statutory causes of action stemming from the Computer Intrusion, and seek various forms of relief including damages, related injunctive or equitable remedies, multiple or punitive damages, and attorney's fees. Various wholly-owned subsidiaries of TJX, as well as Fifth Third Bank and/or Fifth Third Bancorp, are also named as defendants in several of the actions. These cases are all in their initial phases, and no discovery has commenced. On February 15, 2007, the plaintiffs in one of the cases filed a motion with the Judicial Panel on Multidistrict Litigation, MDL Docket No. 1838, to have all of the actions pending in federal court in the United States and Puerto Rico transferred to the District of Massachusetts for pretrial consolidation and coordination, and TJX has supported that motion. TJX intends to defend these actions vigorously. The actions referenced above are as follows:

On January 19, 2007, a putative class action was filed against TJX in the United States District Court for the District of Alabama, *Wood, et ano. v. TJX, Inc., et al.*, 07-cv-00147. The plaintiffs purport to represent a class of "all TJX customers who made credit card transactions at TJX's stores during the period that the security of [d] efendants computer systems were compromised and the privacy or security of whose credit card, check card, or debit card account, transaction or non-public information was compromised." The complaint asserts claims for negligence per se, negligence, bailment and breach of contract, and also names Fifth Third Bancorp as a defendant. Plaintiffs seek compensatory damages, credit monitoring, injunctive relief, attorney's fees and costs. On March 6, 2007, the court granted an unopposed motion to stay the action pending disposition of the motion before the Judicial Panel for Multidistrict Litigation to transfer the action and similar federal court actions to the District of Massachusetts for pretrial consolidation and coordination.

On January 19, 2007, a putative class action was filed against TJX in the Supreme Court of British Columbia, Canada, *Ryley v. TJX Companies, Inc., et al.*, Court File No. 07-0278. The plaintiff purports to represent a putative class of "all individuals resident in British Columbia, or throughout Canada and elsewhere, who have communicated confidential debit and credit information to the [d]efendants in 2003, or between May 1, 2006 and December 31, 2006." The complaint also names "Winners Apparel Inc." and "HomeSense Inc." as defendants, and asserts claims for negligence, breach of confidence and violation of privacy. The plaintiff seeks general and pecuniary damages, punitive damages, interest, attorney's fees and costs.

On January 19, 2007, a putative class action was filed against TJX in the Quebec Superior Court, Canada, *Howick v. TJX Companies, Inc., et al.*, Court File No. 06-000382-073. The plaintiff purports to represent a putative class of "[a]ll physical persons in Quebec and Canada and all legal persons in Quebec and Canada who, during the twelve (12) month period preceding this Motion for Authorization to Institute a Class Action, had not more than fifty (50) employees under their direction or control, who have communicated personal or confidential information to the [r]espondents and have suffered damage as a result of the loss or theft of this personal or confidential information." The complaint also names "Winners Merchants International LP" and "HomeSense Inc." as defendants. The plaintiff seeks general and special damages, punitive damages, attorney's fees, interest and costs.

On January 20, 2007, a putative class action was filed against TJX in The Court of Queen's Bench, Alberta, Canada, *Churchman, et ano. v. The TJX Companies, Inc., et al.*, Court File No. 0701-00964. The plaintiffs purport to represent a putative class of "individuals who communicated to the [d]efendants confidential information being their debit card numbers and credit card numbers, expiry dates, and all of the information accessible to someone in possession of those debit cards or credit cards." The complaint also names "Winners Apparel Inc.," "Winners Merchants International LP" and "HomeSense Inc." as defendants and asserts claims for negligence, breach of confidence and violation of privacy. Plaintiffs seek general and special damages, punitive damages, attorney's fees, interest and costs.

On January 22, 2007, a putative class action was filed against TJX in The Court of Queen's Bench, Saskatchewan, Canada, *Copithorn v. TJX Companies, Inc., et al.*, Court File No. 100. The plaintiff purports to represent a putative class of

"all individuals resident in Saskatchewan or throughout Canada and elsewhere, who have communicated confidential debit and credit information to the Defendants in 2003 or between May 1, 2006 and December 31, 2006." The complaint also names "Winners Apparel Inc." and "HomeSense Inc." as defendants and asserts claims for negligence, breach of confidence and violation of privacy. The plaintiff seeks general and pecuniary damages, punitive damages, interest, attorney's fees and costs.

On January 26, 2007, a putative class action was filed against TJX in the Superior Court of Los Angeles County, California, *Lemley v. TJX, Inc., et al.*, BC365384. The action was subsequently removed to the United States District Court for the District of California (docket no. 07-cv-01017), where plaintiff filed an amended complaint. On March 15, 2007, the Court issued an order remanding the action back to the Superior Court, and TJX is seeking further review of that order. The plaintiff in the action purports to represent a class of "all TJX customers who made credit card transactions at TJX's stores during the period that the security of [d]efendants' computer systems were compromised and the privacy or security of whose credit card, check card, or debit card account, transaction or non-public information was compromised." The complaint, as amended, asserts claims for negligence per se, negligence, bailment, breach of contract, and violation of California Civil Code § 17200, California Civil Code § 1798.80-84, and California Civil Code § 1798.53. The action also includes Bob's Stores Corp. and Fifth Third Bancorp as defendants. The plaintiff seeks compensatory, statutory and punitive damages, credit monitoring, injunctive and equitable relief including disgorgement of profits and appointment of a receiver, attorney's fees, costs and interest.

On January 26, 2007, a putative class action was filed against TJX in the Superior Court of Justice, Ontario, Canada, *Wong, et ano. v. The TJX Companies, Inc., et al.*, Court File No. CV-07-0272-00. The plaintiffs purport to represent a putative class of "[a]ll persons (including their estates, executors, or personal representatives), corporations, and other entities, who have communicated personal, debit card, or credit card information to the [d]efendants in 2003, or between May 1, 2006 and December 31, 2006; which information was later stolen or released to unauthorized third parties." The complaint also names "Winners Apparel Inc.," "Winners Merchants International LP" and "HomeSense Inc." as defendants and asserts claims for negligence, breach of confidence and violation of privacy. Plaintiffs seek compensatory damages, punitive damages, interest, attorney's fees and costs.

On January 29, 2007, a putative class action was filed against TJX in the United States District Court for the District of Massachusetts, *Mace v. TJX Companies, Inc.*, 07-cv-10162. The plaintiff purports to represent a class of "all persons or entities in the United States who have had personal or financial data stolen from TJX's computer network, and who were damaged thereby." The complaint asserts a claim for negligence and seeks compensatory damages, credit monitoring, injunctive relief, attorney's fees, costs and interest.

On January 31, 2007, a putative class action was filed against TJX in the United States District Court for the District of Puerto Rico, *Miranda, et al. v. TJX, Inc., et ano.*, 07-cv-01075. The plaintiffs purport to represent a class of "all TJX customers who made credit card transactions at TJX's stores during the period that the security of [d]efendants computer systems were compromised and the privacy or security of whose credit card, check card, or debit card account, transaction or non-public information was compromised." The complaint asserts claims for negligence per se, negligence, bailment and breach of contract, and also names Fifth Third Bancorp as a defendant. Plaintiffs seek compensatory damages, credit monitoring, injunctive relief, attorney's fees and costs.

On January 31, 2007, a putative class action was filed against TJX in the United States District Court for the District of Massachusetts, *AmeriFirst Bank v. TJX Companies, Inc., et al.*, 07-cv-10169. The plaintiff purports to represent a class of "all financial institutions that issued credit cards and/or debit cards to its customers that were used at any of TJX's outlets and/or stores during the period of the security breach." The complaint asserts claims for negligence, breach of contract and negligence per se, and also names Fifth Third Bancorp and Fifth Third Bank as defendants. The plaintiff seeks compensatory damages including for recovery of the cost of issuance of replacement cards and liability for unauthorized transactions, as well as injunctive relief, attorney's fees and costs.

On January 31, 2007, a putative class action was filed against TJX in The Court of Queen's Bench, Manitoba, Canada, *Churchman, et ano. v. The TJX Companies, Inc., et al.*, Court File No. 07-01-50449. The plaintiffs purport to represent a putative class of "[a]ll persons (including their estates, executors, or personal representatives), corporations, and other entities, who have communicated personal, debit card, or credit card

information to the [d]efendants in 2003, or between May 1, 2006 and December 31, 2006; which information was later stolen or released to unauthorized third parties." The complaint also names "Winners Apparel Inc.," "Winners Merchants International LP" and "HomeSense Inc." as defendants and asserts claims for negligence, breach of confidence and violation of privacy. Plaintiffs seek general and special damages, punitive damages, attorney's fees, interest and costs.

On February 2, 2007, a putative class action was filed against TJX in the United States District Court for the District of Massachusetts, *Buckley, et al. v. TJX Companies, Inc.*, 07-cv-10209. The plaintiffs purport to represent a class of "all individuals in the United States whose personal or financial data was stolen, or cannot definitively be determined not to have been stolen, from TJX as a result of the conduct described herein." The complaint asserts claims for negligence, breach of contract and bailment, and TJX has received a related demand letter purporting to assert a further claim on behalf of individuals in the United States and Canada under Massachusetts General Laws, c. 93A. Plaintiffs seek compensatory damages, creation of a fund for future damages, credit monitoring, injunctive relief, attorney's fees and costs.

On February 5, 2007, a putative class action was filed against TJX in the United States District Court for the District of Massachusetts, *Gaydos v. TJX Companies, Inc., et ano.*, 07-cv-10217. The plaintiff purports to represent a class of "all persons or entities in the United States who have had personal or financial data stolen from TJX's computer network, and who were damaged thereby." The complaint asserts a claim for negligence, and also names Fifth Third Bancorp as a defendant. The plaintiff seeks compensatory damages, credit monitoring, injunctive relief, attorney's fees, costs and interest.

On February 5, 2007, a putative class action was filed against TJX in the Superior Court of Middlesex County, Massachusetts, *McMorris v. The TJX Companies, Inc., et ano.*, 07-0460. The plaintiff purports to represent a class of "[r]esidents of Massachusetts who made purchases and paid by credit or debit card or check or who made a return at one or more Marshalls, T.J. Maxx, HomeGoods, or A.J. Wright stores in the United States in 2003 or from May to December 2006." The complaint asserts claims for negligence and violation of Massachusetts General Laws c. 214, § 1B, and TJX has received a related demand letter asserting a further claim under Massachusetts General Laws, c. 93A. The plaintiff seeks compensatory damages, credit monitoring, injunctive relief, attorney's fees, costs and interest.

On February 15, 2007, a putative class action was filed against TJX in the United States District Court for the District of Massachusetts, *Cohen, et al. v. TJX Companies, Inc., et ano.*, 07-cv-10280. The plaintiffs purport to represent a class of "all persons or entities in the United States who have had personal or financial data stolen from TJX's computer network, and who were damaged thereby." The complaint asserts a claim for negligence, and also names Fifth Third Bancorp as a defendant. Plaintiffs seek compensatory damages, credit monitoring, injunctive relief, attorney's fees, costs and interest.

On March 8, 2007, two putative class actions were filed against TJX in the Superior Court of Los Angeles County, California, *Salinas, et ano. v. The TJX Companies, Inc., et al.*, BC367531, and *Pickering v. The TJX Companies, Inc., et al.*, BC367530. The plaintiffs in each case purport to represent a class of '[a]ll California residents whose debit cards, check cards, credit cards (including American Express, Discover, MasterCard or Visa accounts), transaction or other personal or non-public information, including information at any TJX retail store such as T.J. Maxx and Marshalls, was maintained, provided to others and/or subject to unauthorized release by Defendants from January 2003 through the date of [j]udgment." The complaints in each case assert claims for negligence and for violation of California Civil Code § 1781.81, California Civil Code § 1798.82, and California Civil Code § 17200, and also name T.J. Maxx of CA, LLC and Fifth Third Bancorp as defendants. The plaintiffs in each case seek compensatory damages, injunctive and equitable relief including implementation of security measures, notification to customers and credit monitoring, and attorney's fees, costs and interest.

On March 16, 2007, a putative class action was filed against TJX in the United States District Court for the Southern District of California, *Tennent v. The TJX Companies, Inc., et ano.*, 07-cv-00484. The plaintiff purports to represent a class of "all TJX customers who entered into credit card transactions at TJX's stores and whose personal and/or financial information was stored in [d]efendant's databases during the period that the security of said databases was compromised." The complaint asserts claims for negligence per se, negligence, and bailment, and also names Fifth Third Bancorp as a defendant. The plaintiff seeks compensatory damages, credit monitoring, injunctive relief, attorneys fees and costs.

On March 23, 2007, a putative class action was filed in the United States District Court for the District of Massachusetts, *Rivas, et ano. v. TJX Companies, Inc.*, 07-cv-10565. The plaintiffs purport to represent a class of "all individuals in the United States whose personal or financial data was stolen, or cannot definitively be determined not to have been stolen, from TJX as a result of the conduct" alleged in the complaint. The complaint

asserts claims for negligence, breach of contract, bailment and for violation of Massachusetts General Laws c. 93A, § 2. The plaintiffs seek

compensatory damages, treble damages with respect to the statutory violation claim, injunctive relief, a fund to compensate future damages, attorney's fees, interest and costs.

In addition, the Arkansas Carpenters Pension Fund (the "Pension Fund"), the purported beneficial holder of 4,500 shares of TJX common stock, has commenced an action in the Delaware Chancery Court under Section 220 of the Delaware General Corporation Law demanding to inspect certain of TJX's books and records relating to the Computer Intrusion and TJX's response to the Computer Intrusion. As relief, the Pension Fund seeks the right to inspect records dating back to 2003, as well as its attorneys' fees and costs.

Government Investigations. A number of government agencies are conducting investigations as to whether TJX as a result of the Computer Intrusion may have violated laws regarding consumer protection and related matters. TJX has been advised that the Attorney General of the Commonwealth of Massachusetts is leading an investigation into the Computer Intrusion on behalf of a multi-state group of state Attorneys General (the "Multi-State Group"), which as initially comprised had approximately 30 participating states. In March 2007, the Company received a civil investigative demand ("CID") from the Massachusetts Attorney General's office seeking documents concerning the Computer Intrusion as part of that office's review of allegations that the Company may have violated state law regarding consumer protection and related matters. The Company also received nearly identical demands in March 2007 from eight other state Attorneys General that are participating in the Multi-State Group. These demands include a CID from the Attorney General of the State of Arkansas, a CID from the Attorney General of the State of Illinois, a subpoena from the Attorney General of the State of New Jersey, a subpoena from the State of Ohio, a CID from the State of Oregon Department of Justice, a subpoena from the Attorney General of the Commonwealth of Pennsylvania, a Request for Consumer Protection Information ("Request") from the Attorney General of the State of Tennessee (which had issued an earlier Request in January 2007), and a subpoena from the Attorney General of the State of Vermont. TJX has been advised that the Attorneys General of two other states participating in the Multi-State Group may also issue their own demands, which if issued are expected to be substantively identical to the other demands TJX has received.

In addition to these demands, the Company also has received a number of other inquiries, requests and demands from state Attorneys General for information relating to the Computer Intrusion (most shortly after TJX announced the Computer Intrusion publicly and before the Multi-State Group commenced its investigation), including a request by the Attorney General of the State of Connecticut that the Company voluntarily provide written answers to various questions relating to the Computer Intrusion, a CID from the Secretary of the State of Rhode Island and verbal requests for information from various other state Attorneys General.

TJX also has been advised that the Federal Trade Commission ("FTC") is investigating the Computer Intrusion to determine whether the Company may have violated federal law regarding consumer protection and related matters.

TJX also has been advised that the Office of the Privacy Commissioner of Canada and the Office of the Information and Privacy Commissioner of Alberta have initiated formal investigations of TJX as a result of the Computer Intrusion and that the Office of the Information and Privacy Commissioner of British Columbia has initiated an investigation relating to the collection of personal information in connection with merchandise returns at TJX's stores. The Office of the Privacy Commissioner of Quebec also has inquired about the Computer Intrusion, but has not advised the Company of any formal investigation.

TJX has been cooperating in each of these investigations.

ITEM 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of TJX's security holders during the fourth quarter of fiscal 2007.

ITEM 4A. Executive Officers of the Registrant

Name	Age	Office and Employment During Last Five Years
Arnold Barron	59	Senior Executive Vice President, Group President, TJX since

March 2004. Executive Vice President, Chief Operating Officer of The Marmaxx Group from 2000 to 2004. Senior Vice President, Group Executive of TJX from 1996 to 2000. Senior Vice President, General Merchandise Manager of the T.J. Maxx Division from 1993 to 1996; Senior Vice President, Director of Stores, 1984 to 1993; various store operation positions with TJX, 1979 to 1984.

Name	Age	Office and Employment During Last Five Years
Bernard Cammarata	67	Chairman of the Board since 1999. Acting Chief Executive Officer from September 2005 to January 2007 and Chief Executive Officer of TJX from 1989 to 2000. President from 1989 to 1999. Chairman of the T.J. Maxx Division from 1986 to 1995 and of The Marmaxx Group from 1995 to 2000. Executive Vice President of TJX from 1986 to 1989; President, Chief Executive Officer and a Director of TJX's former TJX subsidiary from 1987 to 1989 and President of the T.J. Maxx Division from 1976 to 1986.
Donald G. Campbell	55	Vice Chairman since September 2006, Senior Executive Vice President, Chief Administrative and Business Development Officer from March 2004 to September 2006. Executive Vice President - Finance from 1996 to 2004 and Chief Financial Officer of TJX from 1989 to 2004. Senior Vice President - Finance, from 1989 to 1996. Senior Financial Executive of TJX, 1988 to 1989; Senior Vice President - Finance and Administration, Zayre Stores Division, 1987 to 1988; Vice President and Corporate Controller of TJX, 1985 to 1987; various financial positions with TJX, 1973 to 1985.
Ernie Herrman	46	Senior Executive Vice President, TJX since January 2007. and President, Marmaxx since November 2004. Executive Vice President, Merchandising, Marmaxx from 2001 to 2004. Senior Vice President, Merchandising from 1998 to 2001. Vice President, General Merchandise Manager from 1996 to 1998. Vice President, Senior Merchandise Manager from 1995 to 1996. Various merchandising positions with TJX, 1989 to 1991.
Carol Meyrowitz	53	Chief Executive Officer of TJX since January 2007, Director since September 2006 and President since October 2005. Consultant to TJX from January 2005 to October 2005. Senior Executive Vice President, TJX from March 2004 to January 2005. President of The Marmaxx Group from 2001 to January 2005. Executive Vice President of TJX from 2001 to 2004. Executive Vice President, Merchandising, The Marmaxx Group from 2000 to 2001 and Senior Vice President, Merchandising from 1999 to 2000. Executive Vice President, Merchandising, Chadwick's of Boston, Ltd. from 1996 to 1999; Senior Vice President, Merchandising from 1991 to 1996 and Vice President, Merchandising from 1989 to 1991. Vice President, Division Merchandise Manager, Hit or Miss from 1987 to 1989.
Jeffrey G. Naylor	48	Senior Executive Vice President, Chief Financial and Administrative Officer, TJX since September 2006. Senior Executive Vice President, Chief Financial Officer, TJX from March 2004 to September 2006, Executive Vice President, Chief Financial Officer of TJX effective February 2, 2004. Senior Vice President and Chief Financial Officer at Big Lots, Inc. from 2001 to January 2004. Senior Vice President, Chief Financial and Administrative Officer of Dade Behring, Inc. from 2000 to 2001. Vice President, Controller of The Limited, Inc., from 1998 to 2000.
Jerome Rossi	63	Senior Executive Vice President, TJX since January 2007. Senior Vice President, Chief Operating Officer, Marmaxx from 2005 to January 2007. President, HomeGoods, from 2000 to 2005. Executive Vice President, Store Operations, Human Resources and Distribution Services, Marmaxx from 1996 to 2000.
Paul Sweetenham	42	Senior Executive Vice President, Group President, Europe, since January 2007. President, T.K. Maxx since 2001. Senior Vice President, Merchandising and Marketing, T.K, Maxx from 1999 to

2001. Various merchandising positions with T.K. Maxx from 1993 to 1999.

All officers hold office until the next annual meeting of the Board in June 2007 and until their successors are elected, or appointed, and qualified.

PART II

ITEM 5. Market for the Registrant's Common Equity, Related Security Holder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our common stock is listed on the New York Stock Exchange (Symbol: TJX). The quarterly high and low sale prices for the equity for fiscal 2007 and fiscal 2006 are as follows:

	Fiscal 2007		Fiscal 2006	
Quarter	High	Low	High	Low
First	**$26.28**	**$23.81**	$25.96	$22.51
Second	**$25.11**	**$22.16**	$25.10	$22.30
Third	**$29.74**	**$24.00**	$23.60	$19.95
Fourth	**$30.24**	**$26.67**	$25.48	$21.17

The approximate number of common shareholders at January 27, 2007 was 52,000.

We declared four quarterly dividends of $0.07 per share for fiscal 2007 and $0.06 per share for fiscal 2006. While our dividend policy is subject to periodic review by our Board of Directors, we currently intend to continue to pay comparable dividends in the future, as well as to continue to repurchase our common stock.

Information on Share Repurchases

The number of shares of common stock repurchased by TJX during the fourth quarter of fiscal 2007 and the average price paid per share is as follows:

	Number of Shares Repurchased	Average Price Paid Per Share(1)	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program(2)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs
October 29, 2006 through November 25, 2006	2,367,200	$ 28.80	2,367,200	$ 474,766,473
November 26, 2006 through December 30, 2006	1,372,210	$ 28.11	1,372,210	$ 436,197,058
December 31, 2006 through January 27, 2007	-	-	-	$ 436,197,058
Total:	3,739,410		3,739,410	

(1) Average price paid per share includes commissions and is rounded to the nearest two decimal places.

(2) In October 2005, our Board of Directors approved a repurchase program to repurchase up to $1 billion of TJX common stock from time to time. As of January 27, 2007, we had repurchased 22 million shares at a cost of $564 million under this program. In January 2007, our Board of Directors approved a new repurchase program to repurchase up to $1 billion of TJX common stock from time to time, in addition to the $436 million remaining at fiscal 2007 year end under the October 2005 plan.

ITEM 6. Selected Financial Data

Selected Financial Data

Amounts in Thousands Except Per Share Amounts	Fiscal Year Ended January(1) 2007	2006	2005	2004 (53 Weeks)	2003
Income statement and per share data:					
Net sales	**$17,404,637**	$15,955,943	$14,860,746	$13,300,194	$11,963,095
Income from continuing operations	**$ 776,756**	$ 689,834	$ 610,217	$ 608,906	$ 538,896
Weighted average common shares for diluted earnings per share calculation	**480,045**	491,500	509,661	531,301	554,858
Diluted earnings per share from continuing operations	**$ 1.63**	$ 1.41	$ 1.21	$ 1.16	$ 0.98
Cash dividends declared per share	**$ 0.28**	$ 0.24	$ 0.18	$ 0.14	$ 0.12
Balance sheet data:					
Cash and cash equivalents	**$ 856,669**	$ 465,649	$ 307,187	$ 246,403	$ 492,330
Working capital	**1,365,833**	888,276	701,008	761,228	730,795
Total assets	**6,085,700**	5,496,305	5,075,473	4,396,767	3,951,569
Capital expenditures	**378,011**	495,948	429,133	409,037	396,724
Long-term obligations(2)	**808,027**	807,150	598,540	692,321	693,764
Shareholders' equity	**2,290,121**	1,892,654	1,746,556	1,627,053	1,462,196
Other financial data:					
After-tax return (continuing operations) on average shareholders' equity	**37.1%**	37.9%	36.2%	39.5%	38.0%
Total debt as a percentage of total capitalization(3)	**26.1%**	29.9%	28.6%	30.0%	32.7%
Stores in operation at year-end:					
T.J. Maxx	**821**	799	771	745	713
Marshalls	**748**	715	697	673	629
Winners	**184**	174	168	160	146
T.K. Maxx	**210**	197	170	147	123
HomeGoods	**270**	251	216	182	142
A.J. Wright(4)	**129**	152	130	99	75
HomeSense	**68**	58	40	25	15
Bob's Stores	**36**	35	32	31	-
Total	**2,466**	2,381	2,224	2,062	1,843
Selling Square Footage at year-end:					
T.J. Maxx	**19,390**	18,781	18,033	17,385	16,646
Marshalls	**19,078**	18,206	17,511	16,716	15,625
Winners	**4,214**	4,012	3,811	3,576	3,261
T.K. Maxx	**4,636**	4,216	3,491	2,841	2,282
HomeGoods	**5,181**	4,859	4,159	3,548	2,830
A.J. Wright(4)	**2,577**	3,054	2,606	1,967	1,498
HomeSense	**1,280**	1,100	747	468	282
Bob's Stores	**1,306**	1,276	1,166	1,124	-
Total	**57,662**	55,504	51,524	47,625	42,424

(1) Fiscal years ended January 28, 2006 and prior have been adjusted to reclassify the operating results of the A.J. Wright store closings to discontinued operations (See Note C to the consolidated financial statements). Fiscal years ended January 29, 2005 and prior have been adjusted to reflect the effect of adopting Statement of Financial Accounting Standards No. 123(R). See Note A to the consolidated financial statements at "Stock-Based Compensation."

(2) Includes long-term debt, exclusive of current installments and obligation under capital lease, less portion due within one year.

(3) Total capitalization includes shareholders' equity, short-term debt, long-term debt and capital lease obligation, including current maturities.

(4) A.J. Wright stores in operation and selling square footage for fiscal years 2006 and prior include store counts and square footage for the stores that are part of our discontinued operations.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains forward-looking information and should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this report. Our actual results could differ materially from the results contemplated by these forward-looking statements due to various factors, including those discussed in Item 1A of this report under the section entitled "Risk Factors."

The discussion that follows relates to our fiscal years ended January 27, 2007 (fiscal 2007), January 28, 2006 (fiscal 2006) and January 29, 2005 (fiscal 2005).

In November 2006, we decided to close 34 A.J. Wright stores as part of a repositioning of the chain. The following discussion focuses on our results from continuing operations, which excludes the results of these 34 A.J. Wright stores. The cost to close these stores was recorded as a discontinued operation in the fourth quarter of fiscal 2007 and the operating income or loss from these stores is also presented as a discontinued operation for all periods presented. The closings resulted in an after tax charge of $38 million, or $0.08 per share, in the fourth quarter of fiscal 2007 and is discussed in more detail in Note C to the consolidated financial statements and below within the A.J. Wright discussion under "Segment Information."

During the fourth quarter of fiscal 2007, we discovered that we had suffered an unauthorized intrusion into the portion of our computer systems that processes and stores information related to customer transactions. We do not know who took this action, whether there were one or more intruders involved, or whether there was one continuing intrusion or multiple, separate intrusions (we refer to the intrusion or intrusions collectively as the "Computer Intrusion"). We have been engaged in an ongoing investigation of the Computer Intrusion and computer security and incident response experts have been engaged to assist in the investigation. We believe customer data was stolen in the Computer Intrusion in 2005 and 2006. In the fourth quarter of fiscal 2007, we recorded a pre-tax charge of approximately $5 million, or $0.01 per share, for costs incurred through the fourth quarter in connection with the Computer Intrusion, which includes costs incurred to investigate and contain the Computer Intrusion, enhance computer security and systems, and communicate with customers, as well as technical, legal, and other fees. Beyond this charge, we do not yet have enough information to reasonably estimate losses we may incur arising from the Computer Intrusion. Such losses could be material to our results of operations and financial condition. For more information, see Item 1-Business under the caption "Computer Intrusion," Note B to the consolidated financial statements and the discussion below under the caption "Potential liabilities in connection with Computer Intrusion."

RESULTS OF OPERATIONS

Fiscal 2007 Overview:

— Net sales for fiscal 2007 were $17.4 billion, a 9% increase over fiscal 2006.

— Consolidated same store sales increased 4% in fiscal 2007 over the prior year driven by growth in unit sales and transactions across the majority of our businesses, as well as particularly strong same store sales growth at our international divisions. In addition, approximately one percentage point of this increase came from the favorable effect of currency exchange rates.

— We increased our number of stores by 4% in fiscal 2007, ending the fiscal year with 2,466 stores in operation. Our selling square footage grew by 4% in fiscal 2007.

— Income from continuing operations for fiscal 2007 was $776.8 million, or $1.63 per diluted share, compared to $689.8 million, or $1.41 per diluted share, last year. Results for prior years were impacted by certain charges and

one-time items that affect the comparability of reported results. The chart below shows the effect of these items on income from continuing operations and diluted earnings per share ("EPS") for fiscal 2006 and fiscal 2005.

	Fiscal 2007		Fiscal 2006		Fiscal 2005	
Dollars In Millions Except Per Share Amounts	**$'s**	**EPS**	$'s	EPS	$'s	EPS
Income from continuing operations, as reported	**$777**	**$1.63**	$690	$ 1.41	$610	$1.21
Charges and one-time items:						
Correction to deferred tax liability	-	-	(22)	(0.04)	-	-
Repatriation income tax benefit	-	-	(47)	(0.10)	-	-
Third quarter events *	-	-	12	0.02	-	-
Cumulative lease accounting charge	-	-	-	-	19	0.04
Income from continuing operations, as adjusted	**$777**	**$1.63**	$633	$ 1.29	$629	$1.25

*The third quarter events for fiscal 2006 include executive resignation agreements of $0.01 per share, e-commerce exit costs and operating losses of $0.01 per share, and hurricane related costs including the estimated impact of lost sales of $0.01 per share, partially offset by a gain from a VISA/MasterCard antitrust litigation settlement of ($0.01) per share.

We believe this presentation reflects our results on a more comparable basis, and is useful in understanding the underlying trends in our business.

— During the first quarter of fiscal 2007, as part of cost containment initiatives, we eliminated approximately 250 positions (including 100 open positions) and twelve of our senior executives agreed to 10% base salary reductions. These actions resulted in an estimated annualized savings of approximately $18 million. We incurred a first quarter pre-tax charge in connection with the workforce reduction of $7 million.

— Our pre-tax margin (the ratio of pre-tax income to net sales) improved from 6.3% in fiscal 2006 to 7.2% in fiscal 2007 primarily due to improved merchandise margins and expense leverage from our cost containment initiatives. These improvements were partially offset by a planned increase in marketing expenses and the costs incurred in connection with the Computer Intrusion.

— We continued to generate strong cash flows from operations which allowed us to fund our stock repurchase program as well as our capital investment needs. During fiscal 2007, we repurchased 22 million of our shares at a cost of $557 million, which favorably affected our earnings per share. In January 2007, our Board of Directors approved a new stock repurchase program that authorizes the repurchase of up to $1 billion of TJX common stock from time to time, which is in addition to the $436 million which remained in the existing plan at fiscal 2007 year end. As a result of the discovery and investigation of the Computer Intrusion in December 2006, we temporarily suspended our share repurchase activity.

— Average per store inventories, including inventory on hand at our distribution centers, were up 7% at the end of fiscal 2007 as compared to the prior year end when average per store inventories were down 11%. The increased inventories at fiscal 2007 year end were primarily due to a higher in-stock position on spring transitional goods and an increase in the average unit retail price ("average ticket"). The decline at the prior year end was largely due to lower levels of inventory in our distribution centers.

The following is a summary of the operating results of TJX at the consolidated level. This discussion is followed by an overview of operating results by segment. All references to earnings per share are diluted earnings per share from continuing operations unless otherwise indicated. All prior periods have been adjusted to reclassify the operating results of the A.J. Wright store closings to discontinued operations. See Note C to our consolidated financial statements.

Net sales: Net sales for fiscal 2007 totaled $17.4 billion, a 9% increase over net sales of $16.0 billion in fiscal 2006. Net sales for fiscal 2006 increased 7% over net sales of $14.9 billion for fiscal 2005.

The 9% increase in net sales for fiscal 2007 includes a 5% increase attributable to new stores and a 4% increase in same store sales. The 7% increase in net sales for fiscal 2006 over fiscal 2005 reflects 5% from new stores and 2% from same store sales.

New stores are a major source of sales growth. Our consolidated store count increased by 4% in fiscal 2007

and 7% in fiscal 2006 over the respective prior year periods, and our selling square footage increased by 4% in fiscal 2007 and 8%

in fiscal 2006, in each case without adjustment for the A.J. Wright closed stores. Excluding the impact of the A.J. Wright store closings in fiscal 2007, our consolidated store count and total selling square footage each increased by 5% in fiscal 2007. We expect to add 83 stores (net of store closings) in the fiscal year ending January 26, 2008 (fiscal 2008), a 3% projected increase in our consolidated store base, and we expect to increase our selling square footage base by 4%.

The 4% increase in same store sales for fiscal 2007 was driven by growth in unit sales and increased transactions as well as the strong performance at our international businesses (Winners' same store sales increased 5% and T.K. Maxx same store sales increased 9%, both in local currency). Net sales for fiscal 2007 reflect growth in both apparel and home fashions. Within apparel, jewelry, accessories and footwear (combined), as well as misses sportswear and dresses performed well. As for home fashions, giftware and home decorative products performed well while our "soft" home categories (bedding, linens, etc.) were weak. Same store sales also benefited from the continued expansion of footwear departments in Marshalls. During fiscal 2007, we added 134 expanded footwear departments, bringing the total number of stores with the expanded footwear departments to 280. These stores had same store sales growth that exceeded the chain average. During fiscal 2008, we intend to expand footwear departments in approximately 200 additional Marshalls stores. The expansion of jewelry and accessory departments at T.J. Maxx was substantially completed during fiscal 2007, with 686 out of the total 821 stores having expanded departments as of year end. Going forward, we plan to add jewelry and accessory expansions to certain new stores and relocated stores, as well as a limited number of existing stores. In the United States, where TJX generates approximately 80% of its sales, same store sales increased across almost all regions, with the Northeast, Southwest and Mid-Atlantic areas experiencing the strongest growth. Same store sales growth was favorably impacted by foreign currency exchange rates, which contributed approximately one percentage point of growth.

Net sales for fiscal 2006 reflected strong demand for jewelry, accessories and footwear, as well as improved demand for men's apparel. The positive impact of growth in these categories was partially offset by same store sales declines in home fashions and women's sportswear. Marmaxx continued its program of expanding jewelry and accessories and footwear departments and ended fiscal 2006 with 594 T.J. Maxx stores with expanded jewelry and accessories departments and 146 Marshalls stores with expanded footwear departments. These stores had same store sales growth which exceeded Marmaxx's chain average. In the United States, same store sales were strong in warm weather regions, particularly Florida, the Southwest and California, while flat to slightly negative in the Midwest and Northeast. Same store sales growth was favorably impacted by foreign currency exchange rates, which contributed approximately one-half of a percentage point of growth.

We define same store sales to be sales of those stores that have been in operation for all or a portion of two consecutive fiscal years, or in other words, stores that are starting their third fiscal year of operation. We classify a store as a new store until it meets the same store criteria. We determine which stores are included in the same store sales calculation at the beginning of a fiscal year and the classification remains constant throughout that year, unless a store is closed. We calculate same store sales results by comparing the current and prior year weekly periods that are most closely aligned. Relocated stores and stores that are increased in size are generally classified in the same way as the original store, and we believe that the impact of these stores on the same store percentage is immaterial. Consolidated and divisional same store sales are calculated in U.S. dollars. We also show divisional same store sales in local currency for our foreign divisions because this removes the effect of changes in currency exchange rates, and we believe it is a more appropriate measure of the divisional operating performance.

The following table sets forth our consolidated operating results as a percentage of net sales:

	Fiscal Year Ended January		
	2007	2006	2005
Net sales	**100.0%**	100.0%	100.0%
Cost of sales, including buying and occupancy costs	**75.9**	76.6	76.4
Selling, general and administrative expenses	**16.8**	16.9	16.7
Interest expense, net	**0.1**	0.2	0.2

Income from continuing operations before provision for income taxes	**7.2%**	6.3%	6.7%

Cost of sales, including buying and occupancy costs: Cost of sales, including buying and occupancy costs, as a percentage of net sales was 75.9% in fiscal 2007, 76.6% in fiscal 2006 and 76.4% in fiscal 2005. This ratio for fiscal 2007, as compared to fiscal 2006, reflects an improvement in our consolidated merchandise margin (0.4 percentage points) as well as expense leverage due to our cost containment initiatives and the impact of strong same store sales growth. These improvements in the fiscal 2007 expense ratio were partially offset by increases in some operating costs as a percentage of net sales, primarily occupancy costs (0.2 percentage points).

Cost of sales, including buying and occupancy costs, as a percentage of net sales for fiscal 2006 as compared with fiscal 2005 reflects an improvement in our consolidated merchandise margin of 0.5 percentage points. The improvement in merchandise margin was largely due to lower markdowns at our smaller divisions, partially offset by an increase in fuel related freight costs. In addition, the comparison to the fiscal 2005 expense ratio was favorably impacted by a $30.7 million non-cash charge ($19.3 million after-tax) in fiscal 2005 to conform our lease accounting practices to generally accepted accounting principles. See Note A to the consolidated financial statements under the caption "Lease Accounting." This charge was included in cost of sales in fiscal 2005 and increased that year's expense ratio by 0.2 percentage points. These improvements in the fiscal 2006 expense ratio were more than offset by increases in operating costs as a percentage of net sales, primarily occupancy costs, which reflect the de-levering impact of a 2% same store sales growth as well as higher cost of sales ratios at divisions other than Marmaxx, which represent a greater proportion of the consolidated results in fiscal 2006 compared to fiscal 2005.

Selling, general and administrative expenses: Selling, general and administrative expenses as a percentage of net sales were 16.8% in fiscal 2007, 16.9% in fiscal 2006 and 16.7% in fiscal 2005. The 0.1 percentage point decrease in fiscal 2007 reflects expense leverage across most categories, partially offset by a planned increase in marketing expense (0.1 percentage point). The increase in fiscal 2006 compared to fiscal 2005 reflects an increase in store payroll costs as a percentage of net sales, reflecting the de-levering impact of the low single-digit same store sales increase. The increase in this ratio for fiscal 2006 compared to fiscal 2005 was also negatively affected by the net impact of third quarter events including the costs of the executive resignation agreements, e-commerce exit and hurricane related costs, offset in part by a VISA/Mastercard antitrust litigation settlement.

Interest expense, net: Interest expense, net of interest income, was $15.6 million for fiscal 2007, $29.6 million in fiscal 2006 and $25.8 million in fiscal 2005. Interest income was $23.6 million in fiscal 2007, $9.4 million in fiscal 2006 and $7.7 million in fiscal 2005. The decrease in net interest expense in fiscal 2007 was due to the increase in interest income. The increase in interest income in fiscal 2007 was driven by higher cash balances and higher rates of return on short term investments. The increase in net interest expense in fiscal 2006 was due to higher short-term borrowings and interest rates. The higher borrowing levels were primarily driven by the timing of inventory purchases, capital expenditures and repurchase of the Company's common stock. The additional interest expense from short-term borrowings was partially offset by reduced interest costs due to the repayment of $100 million of 7% unsecured notes in June 2005, as well as an increase in interest income due to higher interest rates.

Income taxes: Our effective annual income tax rate was 37.7% in fiscal 2007, 31.6% in fiscal 2006 and 38.3% in fiscal 2005. The increase in the fiscal 2007 effective income tax rate reflected the absence of one-time tax benefits recorded in the fourth quarter of fiscal 2006 (described in more detail below) which favorably impacted the fiscal 2006 effective income tax rate by 6.8 percentage points. The fiscal 2007 effective income tax rate benefited through July 20, 2006 from the tax treatment of foreign currency gains and losses on certain intercompany loans between Winners and TJX. This tax treatment reduced the fiscal 2007 effective income tax rate by 0.2 percentage points. Effective July 20, 2006, we re-designated one of these intercompany loans and the related hedge as a net investment in our foreign operations, and gains and losses on these items after July 20, 2006 are recorded in other comprehensive income, net of tax effects. In addition, the fiscal 2007 effective income tax rate was favorably impacted by increased income at our foreign operations (a portion of which are taxed at a lower rate than our domestic operations) as well as settlement of a state tax assessment for less than the related reserves. Combined, these two items reduced the effective income tax rate by 0.6 percentage points as compared to fiscal 2006.

The tax provision for fiscal 2006 includes a fourth quarter benefit of $47 million due to the repatriation of

earnings from our Canadian subsidiary. In addition, during the fourth quarter of fiscal 2006, we corrected our accounting for the tax impact of foreign currency gains on certain intercompany loans. We previously established a deferred tax liability on these gains (which are not taxable). The impact of correcting for the tax treatment of these gains resulted in a tax benefit of $22 million, or $0.04 per share in fiscal 2006. The cumulative impact of this adjustment through the end of the third quarter of fiscal 2006 was $18.2 million, all of which was recorded in the fourth quarter of

fiscal 2006. Of the $18.2 million, $10.1 million related to fiscal 2005. These two items collectively reduced the fiscal 2006 effective income tax rate by 6.8 percentage points. See Note I to the consolidated financial statements.

Income from continuing operations: Income from continuing operations was $776.8 million in fiscal 2007, $689.8 million in fiscal 2006 and $610.2 million in fiscal 2005. Income from continuing operations per share was $1.63 in fiscal 2007, $1.41 in fiscal 2006 and $1.21 in fiscal 2005. Unlike many companies in the retail industry, TJX did not have a 53rd week in fiscal 2007, but will have a 53rd week in fiscal 2009.

Income from continuing operations for fiscal 2007 was adversely impacted by an after-tax charge relating to the Computer Intrusion of approximately $3 million, which reduced fourth quarter earnings per share by $0.01 per share. Income from continuing operations for fiscal 2006 was favorably impacted by a tax benefit of $47 million, or $0.10 per share, due to the repatriation of foreign earnings as well as a tax benefit of $22 million, or $0.04 per share, relating to the correction of a previously established deferred tax liability. Favorable changes in currency exchange rates added approximately $0.03 to our earnings per share in fiscal 2007 and approximately $0.01 per share in fiscal 2006.

Income from continuing operations for fiscal 2006 was adversely impacted by approximately $12 million, or $0.02 per share, due to the third quarter events. These third quarter events included the after-tax cost of executive resignation agreements, primarily with respect to our former CEO ($5 million), e-commerce exit costs and third quarter operating losses ($6 million), and uninsured losses due to third quarter hurricanes, including the estimated impact of lost sales ($6 million), all of which were partially offset by a gain from a VISA/MasterCard antitrust litigation settlement ($5 million). Operating losses of the e-commerce operation in the first six months of fiscal 2006 were largely offset by fiscal 2005 start up costs and a fourth quarter operating loss in fiscal 2005.

Income from continuing operations for fiscal 2005 was reduced by $19.3 million, or $0.04 per share, as a result of the after-tax effect of the $30.7 million cumulative pre-tax, non-cash charge to conform our lease accounting practices to generally accepted accounting principles. See Note A to the consolidated financial statements under the caption "Lease Accounting." Lastly, favorable changes in currency exchange rates during fiscal 2005 added approximately $0.02 to our earnings per share.

The change in earnings per share from fiscal 2006 to fiscal 2007 was favorably impacted by our share repurchase program. During fiscal 2007 we repurchased 22.0 million shares of our stock at a cost of $557 million, which was less than planned as we temporarily suspended our buyback activity in December 2006 as a result of the discovery and investigation of the Computer Intrusion. In fiscal 2006 we repurchased 25.9 million shares at a cost of $600 million. In January 2007, our Board of Directors approved a new stock repurchase program that authorizes the repurchase of up to $1 billion of TJX common stock from time to time, which is in addition to the $436 million remaining in the existing plan. We plan to continue our share repurchase program in fiscal 2008 with planned purchases of approximately $900 million.

Fourth Quarter Results: Fourth quarter income from continuing operations was $243 million, or $0.51 per share, in fiscal 2007, $287 million, or $0.59 per share, in fiscal 2006 and $165 million, or $0.33 per share, in fiscal 2005. Results for the fourth quarter of fiscal 2006 and fiscal 2005 were impacted by certain charges and one-time items that affect the comparability of reported results. The chart below shows the effect of these items on fourth quarter income from continuing operations and earnings per share:

	Fourth Quarter Fiscal 2007		Fourth Quarter Fiscal 2006		Fourth Quarter Fiscal 2005	
Dollars In Millions Except Per Share Amounts	**$'s**	**EPS**	$'s	EPS	$'s	EPS
Income from continuing operations, as reported	**$243**	**$0.51**	$287	$ 0.59	$ 165	$ 0.33
Charges and one-time items:						
Correction to deferred tax liability	-	-	(22)	(0.04)	-	-
Repatriation income tax benefit	-	-	(47)	(0.10)	-	-
Cumulative lease accounting charge	-	-	-	-	19	0.04
Income from continuing operations, as adjusted	**$243**	**$0.51**	$218	$ 0.45	$ 184	$ 0.37

We believe this presentation reflects our results on a more comparable basis, and is useful in understanding the underlying trends in our business.

Excluding these charges and one-time items from fiscal 2006, the fiscal 2007 fourth quarter income from continuing operations of $243 million increased 11% and earnings per share of $0.51 increased 13%. Pre-tax profit margin was 7.5% in both fiscal 2007 and fiscal 2006. Pre-tax margin improved on the strength of strong same-store sales at Winners, T.K. Maxx and HomeGoods, resulting in expense leverage across most categories. This improvement in the pre-tax margin was offset by costs related to the Computer Intrusion (0.1 percentage point), a planned increase in advertising expense (0.2 percentage points) and an increase in occupancy costs at T.K. Maxx (0.1 percentage point) as well as the year over year decline in A.J. Wright's and Bob's Stores' segment profit margins.

Discontinued operations and net income: Our results from continuing operations exclude the results of operations and the cost of closing 34 A.J. Wright stores. See "Segment Information — A.J. Wright" below and Note C to the consolidated financial statements for more information. Net income, which includes the impact of discontinued operations, was $738 million, or $1.55 per share for fiscal 2007, $690 million, or $1.41 per share for fiscal 2006 and $610 million, or $1.21 per share in fiscal 2005.

Segment information: The following is a discussion of the operating results of our business segments. We consider each of our operating divisions to be a segment. We evaluate the performance of our segments based on "segment profit or loss," which we define as pre-tax income before general corporate expense and interest. "Segment profit or loss" as we define the term may not be comparable to similarly titled measures used by other entities. In addition, this measure of performance should not be considered an alternative to net income or cash flows from operating activities as an indicator of our performance or as a measure of liquidity. More detailed information about our segments, including a reconciliation of "segment profit or loss" to "income from continuing operations before provision for income taxes" can be found in Note O to the consolidated financial statements. Presented below is selected financial information related to our business segments (U.S. dollars in millions):

Segment profit or loss for fiscal 2005 includes each segment's share of the cumulative pre-tax charge relating to lease accounting. See Note A to the consolidated financial statements under the caption "Lease Accounting."

Marmaxx:

	Fiscal Year Ended January		
Dollars In Millions	**2007**	2006	2005
Net sales	**$11,531.8**	$10,956.8	$10,489.5
Segment profit	**1,079.3**	985.4	982.1
Segment profit as a % of net sales	**9.4%**	9.0%	9.4%
Percent increase in same store sales	**2%**	2%	4%
Stores in operation at end of period	**1,569**	1,514	1,468
Selling square footage at end of period (in thousands)	**38,468**	36,987	35,544

Marmaxx posted a 2% same store sales increase in fiscal 2007, consistent with the prior year. Both apparel and home fashions reported same store sales growth in fiscal 2007 with apparel performing slightly better than home fashions. Same store sales of jewelry and accessories and footwear, combined, as well as misses sportswear and dresses were above the chain average. Same store sales also benefited from the continued expansion of footwear departments in Marshalls. During fiscal 2007, we added 134 expanded footwear departments, bringing the total number of expanded footwear stores to 280. During fiscal 2008, we intend to expand footwear departments in approximately 200 additional Marshalls stores. The expansion of jewelry and accessory departments at T.J. Maxx was substantially completed during fiscal 2007, with 686 out of the total 821 stores having expanded departments as of year end. Going forward, we will add jewelry and accessory expansions to certain new stores and relocated stores, as well as a limited number of existing stores. Geographically in fiscal 2007, regions that performed above the chain average were the Southwest, Northeast and Mid-Atlantic.

Segment profit as a percentage of net sales ("segment margin") increased to 9.4% in fiscal 2007 from 9.0% in fiscal 2006. The increase in the fiscal 2007 segment margin was largely driven by 0.2 percentage point

improvement in merchandise margin, primarily due to lower markdowns, and expense leverage across most categories due to our cost containment initiatives. Additionally, fiscal 2007 includes the favorable impact on current year casualty insurance and employee medical costs due to favorable claims experience. These improvements in segment margin were partially offset by an increase in occupancy costs (0.2 percentage points) and a planned increased in marketing costs (0.1 percentage point). As of January 27, 2007, average inventories per store were up 8% compared to a 10% decline at the prior year end. The increase at fiscal 2007 year end was primarily due to our in-stock position on spring transitional goods and

an increase in average ticket. The decline at the prior year end was largely due to lower levels of inventory in our distribution centers.

Segment margin decreased to 9.0% in fiscal 2006 from 9.4% in fiscal 2005. The decline in the fiscal 2006 segment margin was largely driven by the de-levering impact of a 2% same store sales increase, which impacted operating expense ratios, primarily occupancy costs (which increased 0.3 percentage points) and distribution center costs (which increased 0.1 percentage point). In addition, certain of the third quarter events described above (e-commerce and hurricane related losses offset in part by the gain from the VISA/MasterCard settlement) reduced segment margin in fiscal 2006 by 0.1 percentage point. The comparison to the fiscal 2005 margin was favorably impacted by the inclusion in fiscal 2005's segment profit of a $16.8 million charge for the cumulative impact of the lease accounting adjustment, which reduced fiscal 2005 segment profit margin by 0.2 percentage points. Merchandise margin for fiscal 2006 was essentially flat compared to fiscal 2005 despite fuel related increases in freight costs.

We added a net of 55 new stores (T.J. Maxx or Marshalls) in fiscal 2007, and increased total selling square footage of the division by 4%. We expect to open 50 new stores (net of closings) in fiscal 2008, increasing the Marmaxx store base by 3% and increasing its selling square footage by 3%.

Winners and HomeSense:

	Fiscal Year Ended January		
U.S. Dollars In Millions	**2007**	2006	2005
Net sales	**$1,740.8**	$1,457.7	$1,285.4
Segment profit	**181.9**	120.3	99.7
Segment profit as a % of net sales	**10.4%**	8.3%	7.8%
Percent increase (decrease) in same store sales			
U.S. currency	**11%**	4%	10%
Local currency	**5%**	(3)%	4%
Stores in operation at end of period			
Winners	**184**	174	168
HomeSense	**68**	58	40
Selling square footage at end of period (in thousands)			
Winners	**4,214**	4,012	3,811
HomeSense	**1,280**	1,100	747

Net sales for Winners and HomeSense, our Canadian businesses, for fiscal 2007 increased by 19% over fiscal 2006, with approximately one-third of this growth due to currency exchange rates. Same store sales (in local currency) increased by 5% in fiscal 2007 and decreased by 3% in fiscal 2006. Same store sales for fiscal 2007 were favorably impacted by improved merchandise flow and increased brand penetration. In terms of product categories, same store sales were driven by strong growth in jewelry, footwear and accessories as well as home fashions. HomeSense performed well, favorably impacting this division's results. Same store sales and operating results for HomeSense were significantly improved over the prior year.

Segment profit margin for fiscal 2007 was up 2.1 percentage points to 10.4% compared to 8.3% for fiscal 2006. This improvement in segment margin was primarily due to a 1.4 percentage point increase in merchandise margins (improved markon and lower markdowns) combined with improved expense ratios (leverage from the 5% same store sales increase as well as cost containment initiatives). These increases were partially offset by a planned increase in advertising costs which increased 0.2 percentage points as a percentage of net sales.

Segment profit margin for fiscal 2006 improved by 0.5 percentage points compared to fiscal 2005. This improvement was primarily due to a 2.9 percentage point increase in merchandise margins, which were driven by improved inventory management resulting in reduced clearance sales and lower markdowns. The increase in merchandise margin was partially offset by the de-levering impact of the 3% decline in same store sales. Expense ratios increased across most categories, with a 1.4 percentage point increase in occupancy and distribution costs being the most significant. Incremental costs associated with three store closings in fiscal 2006 also adversely affected segment profit. The comparison of segment profit and segment margin for fiscal 2006 to fiscal 2005 is

also favorably impacted by the inclusion in the fiscal 2005 segment profit of a $3.5 million charge for this division's share of the cumulative impact of the lease accounting adjustment.

We added a net of 10 Winners stores and 10 HomeSense stores in fiscal 2007, and expanded selling square footage in Canada by 7%. We expect to add a net of 4 Winners and 3 HomeSense stores in fiscal 2008, increasing our total

Canadian store base by 3%, and increasing selling square footage by 3%. The store counts include the Winners and HomeSense portions of this division's superstores, which either combine a Winners store with a HomeSense store or operates them side-by-side. As of January 27, 2007 we operated 29 of these superstores.

T.K. Maxx:

U.S. Dollars In Millions	Fiscal Year Ended January 2007	2006	2005
Net sales	**$1,864.5**	$1,517.1	$1,304.4
Segment profit	**109.3**	69.2	64.0
Segment profit as a % of net sales	**5.9%**	4.6%	4.9%
Percent increase (decrease) in same store sales			
U.S. currency	**13%**	(1)%	14%
Local currency	**9%**	1%	3%
Stores in operation at end of period	**210**	197	170
Selling square footage at end of period (in thousands)	**4,636**	4,216	3,491

Net sales in fiscal 2007 for T.K. Maxx, operating in the United Kingdom and Ireland, increased by 23% over fiscal 2006, with approximately one-fifth of this growth due to currency exchange rates. T.K. Maxx had a strong same store sales increase of 9% (in local currency) in fiscal 2007 with growth in both home fashions and most apparel categories. Apparel categories that performed well included dresses, accessories and footwear, while misses sportswear was below the chain average.

Segment profit margin improved to 5.9% of sales for fiscal 2007 compared to 4.6% for fiscal 2006. The 1.3 percentage point improvement was due to merchandise margin, which was up 0.9 percentage points (primarily due to lower markdowns), as well as expense leverage from the 9% same store sales increase. These improvements were partially offset by an increase in occupancy expense due to higher costs for rent, utilities and property taxes and costs associated with store relocations.

Segment profit margin for fiscal 2006 declined 0.3 percentage points to 4.6% of sales. T.K. Maxx had an improved merchandise margin in fiscal 2006, primarily due to lower markdowns. In addition, the comparison of segment profit and segment margin of fiscal 2006 to fiscal 2005 was favorably impacted by the inclusion in the fiscal 2005 segment profit of this division's share of the cumulative impact of the lease accounting adjustment of $6.5 million. These improvements however, were more than offset by an increase in occupancy expense due to higher cost for rent, utilities and property taxes as well as the de-levering impact of a 1% same store sales increase. Distribution and administrative costs as a percentage of net sales were essentially flat compared to fiscal 2005, despite the low same store sales increase.

We added a net of 13 T.K. Maxx stores in fiscal 2007 and increased the division's selling square footage by 10%. We plan to open a net of 10 T.K. Maxx stores in fiscal 2008, and expand selling square footage by 7%. Also, we expect to expand into Germany with 5 store openings planned for fiscal 2008.

HomeGoods:

Dollars In Millions	Fiscal Year Ended January 2007	2006	2005
Net sales	**$1,365.1**	$1,186.9	$1,012.9
Segment profit	**60.9**	28.4	18.1
Segment profit as a % of net sales	**4.5%**	2.4%	1.8%
Percent increase in same store sales	**4%**	1%	1%
Stores in operation at end of period	**270**	251	216
Selling square footage at end of period (in thousands)	**5,181**	4,859	4,159

HomeGoods' same store sales grew 4% in fiscal 2007, due to strong growth in giftware and home decorative products. Segment profit increased to $60.9 million from $28.4 million, and segment profit margin almost doubled to 4.5% of sales. The increase in segment profit margin resulted primarily from the leverage of

expenses across most categories, most notably in distribution center and occupancy expenses. Additionally, merchandise margin increased 0.4 percentage points primarily due to higher markon.

HomeGoods' same store sales grew 1% in fiscal 2006. Customer transactions and unit sales increased at HomeGoods during fiscal 2006 compared to fiscal 2005, but these increases were partially offset by a decline in the

average ticket resulting from planned changes to the merchandise mix. Segment profit increased to $28.4 million from $18.1 million, and segment profit margin increased to 2.4% of sales from 1.8% of sales in the prior year. The increase in segment profit margin resulted primarily from an increase in merchandise margin (lower markdowns partially offset by the impact of higher freight costs), as well as the impact on prior year results of the cumulative lease accounting charge of $2.2 million.

We opened a net of 19 HomeGoods stores in fiscal 2007, an 8% increase, and increased selling square footage of the division by 7%. In fiscal 2008, we plan to add a net of 12 HomeGoods stores and increase selling square footage by 5%.

A.J. Wright:

Dollars In Millions	Fiscal Year Ended January		
	2007	2006	2005
Net sales	**$601.8**	$549.0	$477.9
Segment profit (loss)	**(10.3)**	(3.2)	(18.8)
Segment profit (loss) as a % of net sales	**(1.7)%**	(0.6)%	(3.9)%
Percent increase in same store sales	**3%**	3%	4%
Stores in operation at end of period	**129**	152	130
Selling square footage at end of period (in thousands)	**2,577**	3,054	2,606

A.J. Wright's same store sales increased 3% for fiscal 2007, consistent with the prior year. A.J. Wright's segment loss for fiscal 2007 increased to $10.3 million compared to $3.2 million for the prior year. This decline is primarily the result of a decrease in merchandise margin (1.2 percentage points) due to markdowns on below-plan sales. During the fourth quarter of fiscal 2007, as part of a plan to reposition this business, we identified 34 underperforming A.J. Wright stores for closing, virtually all of which were closed by fiscal 2007 year end. The cost to close these stores and their historical operating results are presented as discontinued operations as described below. By closing these marginally profitable stores, we reduced the number of advertising markets in which A.J. Wright operates enabling better marketing leverage as well as enabling greater efficiencies in store operations and logistics. The store closings also allow management to focus their attention and resources on the remaining, better performing stores.

A.J. Wright's same store sales increased 3% for fiscal 2006, compared to a 4% increase in same store sales for fiscal 2005. A.J. Wright's segment loss for fiscal 2006 was narrowed to $3.2 million from $18.8 million in fiscal 2005. This improvement was driven by improved merchandise margin, primarily the result of lower markdowns in fiscal 2006. The comparison to fiscal 2005 is also impacted by the inclusion of a $1.7 million charge in fiscal 2005 for its share of the lease accounting adjustment. In fiscal 2006, effective expense control also led to a reduction in expenses as a percentage of sales across most expense categories, primarily in advertising and store payroll and benefits. We reduced the number of our new store openings for A.J. Wright in fiscal 2006 and fiscal 2007 as compared to fiscal 2005 as we believed that the pace of store openings in fiscal 2005 may have been too aggressive for this division, placing a strain on operations.

The table above presents A.J. Wright's operating results from continuing operations. Stores in operation and selling square footage for fiscal 2006 and fiscal 2005 include store counts and square footage for the stores that are part of our discontinued operations. As described earlier, during the fourth quarter of fiscal 2007, we identified 34 underperforming A.J. Wright stores to be closed as part of our plan to reposition this business. In connection with this action, we incurred an after-tax charge of $38 million in the fiscal 2007 fourth quarter. This charge represents costs related to asset impairment, remaining lease liability (net of expected subtenant income), and severance and other costs. We have classified these exit costs, along with operating income or loss related to these stores, as discontinued operations in our financial statements for all periods presented. The operating income or loss for each year represents the operating results from store operations, reduced by an allocation of direct and incremental distribution and administrative costs relating to the closed stores. No interest expense was allocated to the discontinued operations. The following table presents the net sales and segment profit (loss) of the closed stores in operation for the last three fiscal years which have been reclassified to discontinued operations:

Discontinued operations:

Dollars In Millions	Fiscal Year Ended January 2007	2006	2005
Net sales	**$111.8**	$102.0	$52.7
Segment profit (loss)	**(1.0)**	1.0	(0.8)
Closed stores in operation during period	**34**	33	22

We currently plan to open 5 A. J. Wright stores in fiscal 2008. We continue to believe that A.J. Wright can be a growth vehicle for TJX, with its very sizable target demographic.

Bob's Stores:

Dollars In Millions	Fiscal Year Ended January 2007	2006	2005
Net sales	**$300.6**	$288.5	$290.6
Segment profit (loss)	**(17.4)**	(28.0)	(18.5)
Segment profit (loss) as a % of net sales	**(5.8)%**	(9.7)%	(6.4)%
Percent increase in same store sales	**2%**	N/A	N/A
Stores in operation at end of period	**36**	35	32
Selling square footage at end of period (in thousands)	**1,306**	1,276	1,166

Bob's Stores' net sales increased 4% for fiscal 2007, compared to a slight decrease last year. Same store sales increased 2% with our expanded women's casual sportswear departments performing well. Bob's Stores reduced its segment losses for the fiscal year due to the sales growth combined with significant improvement in merchandise margins. Merchandise margin increases were driven by improved markon, the result of better buying, which more than offset increases in promotional markdowns as we significantly increased the level of promotions in this business.

Net sales for fiscal 2006 were less than the prior year, primarily due to a reduction in the number of promotional advertising circulars. Although merchandise margin improved in fiscal 2006 (due to lower promotional markdowns) the sales decline and incremental operating costs resulted in an increased segment loss for fiscal 2006 as compared to fiscal 2005. Segment loss in fiscal 2006 also includes severance costs of $0.8 million in connection with a reduction in the work force at Bob's Stores.

For fiscal 2008, we do not plan to open any new stores for this division as we continue to evaluate this business and assess its potential for future growth.

General Corporate Expense:

Dollars In Millions	Fiscal Year Ended January 2007	2006	2005
General corporate expense	**$141.4**	$134.1	$111.1

General corporate expense for segment reporting purposes are those costs not specifically related to the operations of our business segments. This item includes the costs of the corporate office, including the compensation and benefits (including stock based compensation) for senior corporate management; payroll and operating costs of the corporate departments of accounting and budgeting, internal audit, compliance, treasury, investor relations, tax, risk management, legal, human resources and systems; and the occupancy and office maintenance costs associated with the corporate staff. In addition, general corporate expense includes the cost of benefits for existing retirees and non-operating costs and other gains and losses not attributable to individual divisions. General corporate expense is included in selling, general and administrative expenses in the consolidated statements of income.

Fiscal 2007 included pre-tax charges of approximately $5 million related to the Computer Intrusion, and

approximately $5 million related to the corporate division's cost of the workforce reduction and other termination benefits, while fiscal 2006 included costs of $9 million associated with executive resignation agreements and $6 million of costs to exit the e- commerce business. The increase in other general corporate expenses in fiscal 2007 over fiscal 2006 also reflected increases in corporate payroll, corporate marketing and consulting costs, charitable contributions, and European expansion costs.

The increase in general corporate expense in fiscal 2006 over fiscal 2005 is primarily due to the costs associated with executive resignation agreements ($9 million) and of exiting the e-commerce business of ($6 million). Both of these

items occurred in our third quarter ended October 29, 2005. In addition, general corporate expense for fiscal 2006 includes a charge ($4 million) in connection with an idle leased facility.

Liquidity and Capital Resources

Operating activities:

Net cash provided by operating activities was $1,195.0 million in fiscal 2007, $1,158.0 million in fiscal 2006 and $1,076.8 million in fiscal 2005. The cash generated from operating activities in each of these fiscal years was largely due to operating earnings.

Operating cash flows for fiscal 2007 increased by $ 37.0 million driven by an increase in net income (adjusted for depreciation) of $86.4 million. The change in inventory, net of accounts payable, from prior year-end levels was a significant component of operating cash flows. In fiscal 2007, the change in merchandise inventory, net of the related change in accounts payable, resulted in a use of cash of $151.2 million compared to a source of cash of $26.2 million in fiscal 2006. Fiscal 2007 operating cash flows were also reduced by higher income tax payments. These reductions in fiscal 2007 operating cash flows as compared to fiscal 2006 were offset by the favorable cash flow impact of changes in deferred income taxes, accounts receivable and prepaid expenses.

Operating cash flows for fiscal 2006 increased by $ 81.2 million compared to operating cash flows for fiscal 2005. Net income (adjusted for depreciation) for fiscal 2006 increased by approximately $116 million. The change in merchandise inventory, net of the related change in accounts payable, resulted in a source of cash of $26.2 million in fiscal 2006 compared to a use of cash of $85.3 million in fiscal 2005. These increases in fiscal 2006 operating cash flow as compared to fiscal 2005 were offset by the unfavorable cash impact of changes in prepaid expenses and deferred taxes.

The variance in operating cash flows attributable to the change in the net inventory position over the last three fiscal years is largely explained by our average per store inventory levels at each year end period. Average per store inventories at January 27, 2007, including inventory on hand at our distribution centers, increased 7% compared to a decrease of 11% at January 28, 2006. This compares to inventories per store at January 29, 2005 that were up 1% compared to the prior year.

Discontinued operations reserve: We have a reserve for future obligations of discontinued operations that relates primarily to real estate leases associated with 34 of our A.J. Wright stores (see Note C to the consolidated financial statements) as well as leases of former TJX businesses. The balance in the reserve and the activity for the last three fiscal years is presented below:

	Fiscal Year Ended		
Amounts in Thousands	**January 27, 2007**	January 28, 2006	January 29, 2005
Balance at beginning of year	**$ 14,981**	$ 12,365	$ 17,518
Additions to the reserve charged to net income:			
A.J. Wright store closings	**61,968**	-	-
All other	**1,555**	8,509	2,254
Charges against the reserve:			
Lease related obligations	**(1,696)**	(6,111)	(7,066)
Fixed asset write-offs	**(18,732)**	-	-
All other	**(399)**	218	(341)
Balance at end of year	**$ 57,677**	$ 14,981	$ 12,365

The exit costs related to 34 of our A.J. Wright stores resulted in an addition to the reserve of $62 million in fiscal 2007. All other additions to the reserve are the result of periodic adjustments to our estimated lease obligations of our former businesses and are offset by income from creditor recoveries of a similar amount. The lease related charges against the reserve during each fiscal year relate primarily to our former businesses. The fixed asset write-offs and other charges against the reserve for fiscal 2007 relate primarily to the 34 A.J. Wright

closed stores, virtually all of which were closed at the end of fiscal 2007.

Approximately $43 million of the fiscal 2007 reserve balance relates to the A.J. Wright store closings, primarily our estimation of lease costs, net of estimated subtenant income. The remainder of the reserve reflects our estimation of the cost of claims, updated quarterly, that have been, or we believe are likely to be, made against TJX for liability as an original lessee or guarantor of the leases of former businesses, after mitigation of the number and cost of lease obligations. At January 27, 2007, substantially all the leases of former businesses that were rejected in bankruptcy and for which the landlords asserted liability against TJX had been resolved. The actual net cost of A.J. Wright lease obligations may differ from our original estimate. Although TJX's actual costs with respect to the lease obligations of former businesses may exceed amounts estimated in our reserve, and TJX may incur costs for leases from these former businesses that were not terminated or had not expired, TJX does not expect to incur any material costs related to these discontinued operations in excess of the amounts estimated. We estimate that the majority of this reserve will be paid in the next three to five years. The actual timing of cash outflows will vary depending on how the remaining lease obligations are actually settled.

We may also be contingently liable on up to 15 leases of BJ's Wholesale Club, a former TJX business, for which BJ's Wholesale Club is primarily liable. Our reserve for discontinued operations does not reflect these leases, because we believe that the likelihood of any future liability to TJX with respect to these leases is remote due to the current financial condition of BJ's Wholesale Club.

Potential liabilities in connection with Computer Intrusion

We believe that customer information was stolen in the Computer Intrusion in 2005 and 2006 and that such information most likely primarily relates to transactions at our stores (other than Bob's Stores) during the periods 2003 through June 2004 and mid-May 2006 through mid-December 2006. See Item 1-Business under the caption "Computer Intrusion".

During the fourth quarter of fiscal 2007, we recorded a pre-tax charge of approximately $5 million, or $0.01 per share, for costs incurred through the fourth quarter in connection with the Computer Intrusion, which includes costs incurred to investigate and contain the Computer Intrusion, strengthen computer security and systems, and communicate with customers, and for technical, legal and other fees. In addition, various litigation and claims have been (or may be) asserted against us and/or our acquiring banks on behalf of customers (including various putative class actions seeking in the aggregate to represent all customers in the United States, Puerto Rico and Canada whose transaction information was allegedly compromised by the Computer Intrusion), banks and payment card companies seeking damages allegedly arising out of the Computer Intrusion and other related relief (including a putative class action seeking to represent all financial institutions that issued payment cards to our customers used at our stores during the period of the Computer Intrusion) and shareholders. We intend to defend such litigation and claims vigorously, although the outcome of such litigation and claims cannot be predicted. In addition, various governmental agencies are investigating the Computer Intrusion, and we may be subject to fines or other obligations as a result of these investigations. Certain banks have sought, and other banks and payment card companies may seek, either directly against us or through claims against our acquiring banks as to which we may have an indemnity obligation, payment of or reimbursement for fraudulent card charges and operating expenses that they believe they have incurred by reason of the Computer Intrusion, and payment card companies and associations may seek to impose fines by reason of the Computer Intrusion. We do not have sufficient information to reasonably estimate losses that may result from such litigation, claims and investigations. As such, no liability has been recorded as of January 27, 2007. We will continue to evaluate information as it becomes known and will record an estimate for losses at the time or times when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. Such losses could be material to our results of operations and financial condition. Regardless of the outcome, claims, litigation and proceedings of this type are expensive and could require us to devote substantial resources and time to defending them.

Off-balance sheet liabilities: We have contingent obligations on leases, for which we were a lessee or guarantor, which were assigned to third parties without TJX being released by the landlords. Over many years, we have assigned numerous leases that we originally leased or guaranteed to a significant number of third parties. With the exception of leases of our former businesses discussed above, we have rarely had a claim with respect to assigned leases, and accordingly, we do not expect that such leases will have a material adverse effect on our financial condition, results of operations or cash flows. We do not generally have sufficient information about these leases to estimate our potential contingent obligations under them, which could be triggered in the